



County of Los Angeles  
**CHIEF ADMINISTRATIVE OFFICE**

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DAVID E. JANSSEN  
Chief Administrative Officer

Board of Supervisors  
GLORIA MOLINA  
First District

YVONNE BRATHWAITE BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

July 1, 2003

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**APPROVAL OF AUTOMOBILE AND GENERAL LIABILITY CLAIMS  
ADMINISTRATION AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT  
(ALL DISTRICTS AFFECTED) (3-VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Approve and instruct the Chairman to sign the attached contract with Carl Warren and Company, to provide claims administration and legal defense management services for the County's automobile and general liability self-insurance program.
2. Instruct the Auditor-Controller to make payment for services, as appropriate, under this contract, as authorized and validated by the Chief Administrative Officer, from the appropriate General, Special or Enterprise Fund.
3. Delegate authority to the Chief Administrative Officer to execute modifications to the contract not to exceed ten percent (10%) of the total contract cost.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The recommended approval of this contract is to replace the existing contract with Carl Warren and Company, which expires on August 14, 2003. The County has utilized a third party administrator since 1983 to provide claims administration and legal defense management services for its automobile and general liability self-insurance program. This contract will continue services to the Chief Administrative Office, County Counsel and all other County departments.

The Contractor will play an integral role in controlling the County's liability costs through early investigation and quick resolution of incidents, claims, and lawsuits.

### **Implementation of Strategic Plan Goals**

This contract is consistent with the County's Strategic Plan Goal of Fiscal Responsibility. This contract is expected to assist the County to effectively manage its resources.

### **FISCAL IMPACT/FINANCING**

During the first twelve months of the contract (contract year) the Contractor will be paid an annual fixed-fee of \$1.7 million to provide all contract services (1) to resolve the approximately 1,500 cases remaining at the end of the current contract, and (2) adjust up to 2,100 new cases. The contract, also, provides for a one time only fee of \$809 for each case opened over the annual 2,100 new claims limit. During the last five years the highest number of new claims opened in one year was 1,861 cases; therefore, we do not anticipate exceeding the maximum annual limit and incurring this per case fee.

Both the annual fixed-fee of \$1.7 million and the excess per-claim fee of \$809 will be increased each year, based on the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the Los Angeles/Long Beach/Anaheim. The County's standard cost of living adjustment (COLA) language is included in this contract.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

This contract is being relet with the incumbent company, Carl Warren and Company. Upon Board approval the contract will become effective August 15, 2003, when the current contract expires. The contract term is five years and has two one-year optional extensions at the option of the Chief Administrative Officer without further Board action.

The contract includes the following services:

- Third party administration services for incidents, claims and lawsuits including (1) entering and updating County's Risk Management Information System (RMIS) with activities, reserves, expenses, and other data; (2) conducting investigations and preserving evidence; (3) providing reports as required by County; (4) supervising, conducting, monitoring, and/or participating in settlement negotiations; and, (5) identify, pursue and collect subrogation recovery from third parties who damage County property or injure County employees.
- As directed by County Counsel and the County Risk Manager, Contractor will manage and monitor automobile and general liability litigation including (1) supervising the Legal Defense Panel; (2) participating in round table meetings; (3) tracking litigation costs and expenses; and, (4) attending, participating, and monitoring legal proceedings.
- Financial and related administrative services including (1) arranging and purchasing annuity policies for structured settlements; and, (2) payment of authorized indemnity, legal defense fees and expenses, and allocated expenses.

Living Wage Program requirements do not apply to this non-Proposition A contract. This contract meets all applicable County contracting requirements.

### **CONTRACTING PROCESS**

Notice of the Request for Proposals (RFP) was issued on March 10, 2003, to 107 potential proposers and was listed on the "Doing Business with the County" website. Four proposals were received from Cambridge Integrated Services Group, Carl Warren and Company, Sedgwick Claims Management Services, and Ward North America, Inc.

The Honorable Board of Supervisors  
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The evaluation process followed recommended County guidelines. The proposal evaluation panel was comprised of representatives from the Department of Public Works, County Counsel, Fire Department, Department of Children and Family Services, and the County Risk Management Advisory Committee. The representatives were selected to provide a balanced and unbiased panel. The panel's evaluation was based on criteria outlined in the RFP, contract rate/cost, proposer's work plan, proposer's experience and capability, and proposer's quality control plan. The current contractor, Carl Warren and Company, submitted the lowest cost proposal and was rated the highest by the evaluation panel. Based on this evaluation we are recommending the contract be awarded to Carl Warren and Company, an employee owned California Corporation located in Glendale, California.

#### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Implementation of the expanded services; for example, included in this contract, are expected to assist the County in controlling or reducing its overall liability costs. The Contractor will provide services to all County departments.

#### **CONCLUSION**

Please sign four copies of the attached contract and return three copies to the CAO.

Respectfully submitted,

DAVID E. JANSSEN  
Chief Administrative Officer

DEJ:SRH:RAA  
DU:EB:lis

Attachment

c: County Counsel  
Auditor-Controller  
Affected Departments

AUTOMOBILE AND GENERAL LIABILITY  
CLAIMS ADMINISTRATION, AND  
LEGAL DEFENSE MANAGEMENT  
SERVICES CONTRACT



BY AND BETWEEN

COUNTY OF LOS ANGELES

AND

CARL WARREN & COMPANY

**AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND  
LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT**

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**AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND  
LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT**

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This Contract is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2003 BY AND BETWEEN County of Los Angeles, a body corporate and politic, referred to as "County" and Carl Warren & Company, referred to as "Contractor," currently located at 500 North Central Avenue, Glendale, California 91203.

**RECITALS**

WHEREAS, County desires to contract for automobile liability and selected categories of general liability claims administration and legal defense management services; and

WHEREAS, Contractor is in the business of providing for such services and for consideration is willing to provide such services to County; and

WHEREAS, such Contract is authorized pursuant to California Government Code §31000.8 and subject to the provisions of the Los Angeles County Charter;

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained in the Contract and for other good and valuable consideration, the parties agree as follows:

1. APPLICABLE DOCUMENTS - This Contract the attachments listed below form the entire agreement between the parties. Any conflict in the terms of the agreement shall be resolved by giving preference first to the provisions of the contract, then the attachments.

- 1.1 Attachment A: Statement of Work and Technical Exhibits
- 1.2 Attachment B: Contractor's Fees and Employee Benefits
- 1.3 Attachment C: Attestation of Willingness to Reconsider GAIN/GROW Participants
- 1.4 Attachment D: Jury Service Program Certification

2. CONTRACT TERM - The term of this Contract shall commence on the first day of the month following approval by the Board or by August 15, 2003, whichever is later, and shall continue in full force and effect for five (5) years following this date. This Contract may be extended for two (2) additional one-year periods at the sole option of the County Risk Manager.

In the event of expiration or prior termination of the term of this Contract, the Contractor shall fully cooperate with the County to provide for the transition to whatever service replacement method the County determines to be in its best interest.

## AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT

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3. INTERPRETATION - The headings herein contained are for convenience and reference only and are not intended to define the scope of any provision thereof. The following words are used herein shall be construed to have the following meaning, unless otherwise apparent from the context in which they are used.

3.1 Board of Supervisors: The Board of Supervisors of the County of Los Angeles.

3.2 Contract: Agreement executed between the County and the Contractor. It sets forth the terms and conditions for the issuance and performance of the Statement of Work, Exhibit A.

3.3 Contract Start Date: The date that the Contractor begins work (the start of the basic terms of the contract).

3.4 Contract Year: The first contract year begins the date contract term begins and continues for the following twelve (12) months. Each succeeding contract year begins the day after the day the preceding contract year ends and continues for the next twelve (12) months.

3.5 Contractor: The sole proprietor, partnership, or corporation that has entered into a contract with the County to perform or execute the work covered by the Statement of Work.

3.6 County Contract Administrator: The County's Contract Administrator (CCA) is the Chief of Risk Management Operations in the Los Angeles County's Chief Administrative Office, or his duly authorized designee. The CCA is the designated agent of the County for the purposes of administering the County's self-insured ***Automobile and General Liability Claims Administration and Legal Defense Management Services program***.

3.7 County Fiscal Year: A twelve (12) month period beginning July 1, and ending the following June 30.

4. ASSIGNMENT - The Contractor shall not delegate its duties and/or assign its rights hereunder, either in whole or in part, without the prior written consent of the County. Any attempted delegation and/or assignment without the County's prior written consent shall be void. Any attempt by the Contractor to assign or subcontract any performance of terms of this Contract without the express written consent of the County shall be null

## AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT

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and void and shall constitute a breach of the terms of this Contract. In the event of such a breach, this Contract may be terminated forthwith.

5. AUDIT SETTLEMENT - If, at any time during the term of the Contract or within five (5) years after the expiration or termination of the Contract, authorized representatives of the County conduct an audit of the Contractor regarding the services provided to the County hereunder, and if such audit finds that the County's dollar liability for such services is less than payments made by the County to the Contractor, then the Contractor agrees that the difference, at the County's discretion, shall be either: 1) repaid forthwith by the Contractor to the County by cash payment, or 2) at the County's option, credited against any future payments due by the County, to the Contractor, whether under this Contract or otherwise. If such audit finds that the County's dollar liability for services provided hereunder is more than payments made by the County to the Contractor, then the difference shall be paid to the Contractor by the County provided that in no event shall the County's maximum obligation for this Contract exceed the funds appropriated by the County for the purpose of this Contract.

6. AUTHORIZATION WARRANTY - The Contractor represents and warrants that its signatory to the Contract is fully authorized to obligate the Contractor hereunder and that all corporate acts necessary to the execution of the Contract have been accomplished.

7. BUDGET REDUCTIONS - In the event that the County's Board of Supervisors adopts, during the term of this Contract, a Fiscal Year County Budget which provides for reductions in the salaries and benefits paid to the majority of County employees and imposes similar reductions with respect to County contracts, the County reserves the right to reduce its payment obligation correspondingly for that fiscal year and any subsequent fiscal year services provided by the Contractor under the Contract. The County's notice to the Contractor regarding said reduction in payment obligation shall be provided within 30 days of the Board's approval of such actions. The Contractor shall continue to provide all of the services set forth in the Contract.

8. CHANGES AND AMENDMENTS OF TERMS - The County reserves the right to change, through negotiation, any portion of the work required under the Contract, or amend such other terms and conditions which may become necessary. Any such revisions shall be accomplished in the following manner:

8.1 For any change which does not materially affect the scope of work or any other term or condition included under this Contract, a *Change Notice* shall be

## AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT

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prepared and signed by the County Contract Administrator and the Contractor's Contract Manager.

8.2 For any revision which materially affects the scope of work or any term and condition included in the Contract, a negotiated amendment to the Contract shall be executed by the County Board of Supervisors and Contractor *except* as provided in 8.3, herein below.

8.3 The Chief Administrative Officer may prepare and sign *amendments* to the Contract without further action by the Board of Supervisors under the following conditions:

8.3.1 Amendments shall be in compliance with applicable County, State and Federal regulations.

8.3.2 The amendment is for a decrease in Contract costs, or changes in services which are required to meet changes in County policy or requirements.

8.3.3 The Board of Supervisors has appropriated sufficient funds.

8.3.4 The amendment is for an increase of no more than 10% of the total Contract amount, and is necessitated by additional units of services or for additional and necessary services that are required in order for Contractor to comply with changes in County requirements.

8.3.5 The Chief Administrative Officer will file a copy of all amendments with the Executive Office of the Board of Supervisors within fifteen (15) days after execution of each amendment.

9. CHANGES OF ADDRESS - Either party can designate a new address by giving written notice to the other party, as stated in Section 44, Notices.

10. CIVIL RIGHTS - The Contractor hereby assures that it will comply with Subchapter VI of the Civil Rights Act of 1964, 42 USC Sections 2000e through 2000e (17), to the end that no person shall, on grounds of race, creed, color, sex, national origin, age, condition of mental or physical handicap, marital status, or political affiliation, be excluded from participation in, be denied the benefits of, or be otherwise subjected to

## **AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT**

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discrimination under this Contract or under any project, program, or activity supported by this Contract.

11. COMPLAINTS - The Contractor shall develop, maintain and operate procedures for receiving, investigating and responding to user complaints.

Within fifteen (15) business days after the commencement of contract term, the Contractor shall provide the County with the Contractor's policy for receiving, investigating and responding to user complaints.

11.1 The County will review the Contractor's policy and provide the Contractor with approval of said plan or with requested changes.

11.2 If the County requests changes in the Contractor's policy, the Contractor shall make such changes and resubmit the plan within five (5) business days.

11.3 If, at any time, the Contractor wishes to change the Contractor's policy, the Contractor shall submit proposed changes to the County for approval before implementation.

The Contractor shall preliminarily investigate all complaints and notify the County Contract Administrator of the status of the investigation within five (5) business days of receiving the complaint.

When complaints cannot be resolved informally, a system of follow-through shall be instituted by the Contractor which adheres to formal plans for specific actions and strict time deadlines.

Copies of all written responses shall be sent to the County Contract Administrator within five (5) business days of mailing to the complaint.

12. COMPLETION OF CONTRACT - Upon expiration or termination of the Contract, the Contractor shall turnover to the County or another vendor all County claim files, reports, documents, data files, and computer systems generated for or provided by the County to service this Contract.

For two months prior to the expiration of the Contract, in addition to the other contract requirements, the Contractor shall provide the consulting services of the Contract Manager and Quality Control Supervisors for orientation to insure a smooth transition

**AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND  
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from Contractor-provided services back to the County or another vendor. The Contractor shall make reasonable provisions for inspection and observation of work procedures of the Contractor personnel during the transition period. The Contractor shall provide, with no additional cost to the County, current loss reports, financial reports and administrative reports in a format agreeable to the County as of, or effective on, the last day of this Contract.

If the Contractor fails to adhere to the above work and standards, the County shall have the right to withhold 50% to 100% of the last two months' payments as liquidated damages.

**13. COMPLIANCE WITH LAWS**

13.1 The Contractor agrees to comply with all applicable Federal, State and local laws, rules, regulations and ordinances, and all provisions required thereby to be included herein, are hereby incorporated by this reference.

13.2 The Contractor shall indemnify, defend and hold harmless the County from any loss, damage or liability resulting from a violation on the part of the Contractor of such laws, rules, regulations and ordinances.

**14. COMPLIANCE WITH WAGE AND HOUR LAWS/FAIR LABOR STANDARDS ACT - The Contractor shall comply with all wage and hour laws and all applicable provisions of the Federal *Fair Labor Standards Act*, and shall indemnify, defend, and hold harmless the County, its agents, officers and employees from any and all liability including, but not limited to, wages, overtime pay, liquidated damages, penalties, court costs, and attorney's fees arising under any wage and hour law including, but not limited to, the Federal *Fair Labor Standards Act* for services performed by Contractor's employees for which the County may be found jointly or solely liable.**

**15. CONFIDENTIALITY - The Contractor shall maintain the confidentiality of all its records, including but not limited to billing, County records, case records and patient records, in accordance with all applicable Federal, State and local laws, regulation, ordinances and directives relating to confidentiality. The Contractor shall inform all of its officers, employees, and agents providing services hereunder of the confidentiality provisions of this Contract. As a condition of employment, all employees of the Contractor must sign and adhere to the **Contractor/Employee Acknowledgment and Confidentiality Agreement** (see Section 50.2. The Confidentiality Agreement shall**

**AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND  
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1 be filed in the Contractor's personnel records for the employee and the Contractor shall  
2 provide a copy upon request by the County.

- 3 16. CONFLICT OF INTEREST/CONTRACT PROHIBITED - The Contractor represents and  
4 warrants that no County employee whose position in the County enables him/her to  
5 influence the award of the Contract, or any competing Contract, and no spouse or  
6 economic dependent of such employee, is or shall be employed in any capacity by the  
7 Contractor herein, or does or shall have any direct or indirect financial interest in the  
8 Contract.

9 The Contractor represents and warrants that it is aware of, and its authorized officers  
10 have read, the provisions of *Los Angeles County Code, Section 2.180,010*, "Certain  
11 Contracts Prohibited," and that execution of the Contract will not violate those  
12 provisions.

13  
14 The Contractor and subcontractor, if any, represent and warrant they did not, as an  
15 individual or firm or subsidiary of a firm, under contract, assist the County in the  
16 development and preparation of the Request for Proposals for this Contract.

- 17 17. CONSIDERATION OF GREATER AVENUES FOR INDEPENDENCE (GAIN) OR GENERAL  
18 RELIEF OPPORTUNITIES FOR WORK (GROW) PARTICIPANTS FOR EMPLOYMENT -Should  
19 the Contractor require additional or replacement personnel after the effective date of  
20 this Contract, the Contractor shall give consideration for any such employment  
21 openings to participants in the County's Department of Public Social Services' Greater  
22 Avenues for Independence (GAIN) Program or General Relief Opportunities for Work  
23 (GROW) Program who meet the Contractor's minimum qualifications for the open  
24 position. The County will refer GAIN/GROW participants, by job category, to the  
25 Contractor.

- 26 18. CONSIDERATION OF HIRING COUNTY EMPLOYEES TARGETED FOR LAYOFF - Should the  
27 Contractor require additional or replacement personnel after the effective date of the  
28 Contract to perform the services set forth herein, the Contractor shall give first  
29 consideration for such employment openings to qualified, permanent County  
30 employees who are targeted for layoff during the life of this Contract.

- 31 19. CONTRACTOR AVAILABILITY

**AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND  
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19.1 The Contractor's claims staff shall be accessible twenty-fours (24) hours a day seven (7) days a week to the County Contract Administrator and/or other County staff for emergency consultation and immediate reporting of losses.

19.2 The Contractor shall maintain normal office hours from 8:00 a.m. to 5:00 p.m., Monday through Friday, excluding County holidays.

20. CONTRACTOR COMPENSATION - Contract fees shall include all applicable taxes, and any additional taxes that are not included remain the responsibility of the Contractor.

20.1 For a **Annual Fixed-Fee** Contractor shall provide all services required by this Contract on:

20.1.1 All existing case files, and

20.1.2 Up to and including 2,100 new case files annually.

The **Annual Fixed-Fee** for the first Contract Year is \$1,700,000. Each succeeding Contract Year the **Annual Fixed-Fee** shall be adjusted by the same percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the Los Angeles/Long Beach/Anaheim area during the preceding calendar year. Maximum adjustment will not exceed the increase allowed by Section 21, **Cost of Living Adjustments (COLAs)**.

20.2 Should the number of new case files reach or exceed 2,100 in any one Contract Year, a **Fixed-Case Fee** will be paid for each new case file that exceeds the 2,100 new case file maximum. The **Fixed-Case Fee** for the first Contract Year is \$809 per each excess case. Each succeeding Contract Year the **Fixed-Case Fee** shall be adjusted by the same percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the Los Angeles/Long Beach/Anaheim area during the preceding calendar year. Maximum adjustment will not exceed the increase allowed by Section 21, **Cost of Living Adjustments (COLAs)**.

20.3 The County shall reimburse the Contractor for authorized indemnity, legal defense fees, and Allocated Expenses but without any additional costs for having advanced the funds (see Statement of Work, Section 12.1). The Contractor shall note that the County is exempt from all court filing fee charges.



**AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND  
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Reimbursable ordinary expenses shall include, but are not limited to those listed in ***Disbursements***, Statement of Work, Section 12.1.1.

20.4 Payment to contractor will be made quarterly in advance for the ***Annual Fixed-Fee*** and monthly in arrears for the ***Fixed-Case Fee***.

20.5 The Contractor is solely responsible for providing payment to those who furnish services under this Contract, including all legally required compensation, wages, withholding and other employee benefits. The County shall have no responsibility for the direct or indirect payment of any unemployment compensation, compensation, wages, withholding or any other employee benefit to or on behalf of any individual furnishing services under the final contract.

20.6 The Contractor shall have no claim against the County for payment of any money or reimbursement, of any kind whatsoever, for any service provided by the Contractor after the expiration or other termination of this Contract. Should the Contractor receive any such payment it shall immediately notify the County and shall immediately repay all such funds to the County. Payment by the County for services rendered after expiration/termination of this Contract shall not constitute a waiver of the County's right to recover such payment from the Contractor. This provision shall survive the expiration or other termination of this Contract.

21. COST OF LIVING ADJUSTMENTS (COLAs) - The contract fees may be adjusted annually as stated in Section 20, ***Contractor Compensation***, based on the increase or decrease in the U.S. Department of Labor, Bureau of Labor Statistics' Consumer Price Index (CPI) for the Los Angeles-Riverside-Orange County Area for the most recently published percentage change for the 12-month period preceding the contract anniversary date, which shall be the effective date for any cost of living adjustment. However, any increase shall not exceed the general salary movement granted to County employees as determined by the Chief Administrative Office as of each July 1 for the prior 12-month period. Furthermore, should fiscal circumstances ultimately prevent the Board from approving any increase in County employee salaries, no cost of living adjustments will be granted.

22. CONTRACTOR RESPONSIBILITY AND DEBARMENT

22.1 A responsible contractor is a contractor who has demonstrated the attribute

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1 of trustworthiness, as well as quality, fitness, capacity and experience to  
2 satisfactorily perform the contract. It is the County's policy to conduct  
3 business only with responsible contractors.

4 22.2 The Contractor is hereby notified that, in accordance with Chapter 2.202 of  
5 the County Code, if the County acquires information concerning the  
6 performance of the Contractor on this or other contracts which indicates that  
7 the Contractor is not responsible, the County may, in addition to other  
8 remedies provided in the contract, debar the Contractor from bidding on  
9 County contracts for a specified period of time not to exceed three (3) years,  
10 and terminate any or all existing contracts the Contractor may have with the  
11 County.

12 22.3 The County may debar a contractor if the Board of Supervisors finds, in its  
13 discretion, that a contractor has done any of the following: (1) violated any  
14 term of a contract with the County, (2) committed any act or omission which  
15 negatively reflects on the contractor's quality, fitness or capacity to perform a  
16 contract with the County or any other public entity, or engaged in a pattern or  
17 practice which negatively reflects on same, (3) committed an act or offense  
18 which indicates a lack of business integrity or business honesty, or (4) made  
19 or submitted a false claim against the County or any other public entity.

20 22.4 If there is evidence that the Contractor may be subject to debarment, the  
21 Department will notify the Contractor in writing of the evidence which is the  
22 basis for the proposed debarment and will advise Contractor of the  
23 scheduled date for a debarment hearing before the Contractor Hearing  
24 Board.

25 22.5 The Contractor Hearing Board will conduct a hearing where evidence on the  
26 proposed debarment is presented. The Contractor and/or the Contractor's  
27 representative shall be given an opportunity to submit evidence at that  
28 hearing. After the hearing, the Contractor Hearing Board shall prepare a  
29 proposed decision, which shall contain a recommendation regarding  
30 whether the Contractor should be debarred, and, if so, the appropriate length  
31 of time of the debarment. If the Contractor fails to avail it self of the  
32 opportunity to submit evidence to the Contractor Hearing Board, the  
33 Contractor may be deemed to have waived all rights of appeal.

34 22.6 A record of the hearing, the proposed decision and any other

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recommendation of Contractor Hearing Board shall be presented to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny or adopt the proposed decision and recommendation of the Contractor Hearing Board.

22.7 These terms shall also apply to subcontractors of the Contractor.

23. CONTRACTOR'S ACKNOWLEDGMENT OF COUNTY'S COMMITMENT TO CHILD SUPPORT

ENFORCEMENT - The Contractor acknowledges that the County places a high priority on the enforcement of child support laws and the apprehension of child support evaders. The Contractor understands that it is the County's policy to encourage all County contractors to voluntarily post the County's *L.A.'s Most Wanted: Delinquent Parents* poster in a prominent position at the Contractor's place of business. The County's Child Support Services Division will supply the Contractor with the poster to be used.

24. CONTRACTOR'S WARRANTY OF ADHERENCE TO COUNTY'S CHILD SUPPORT

COMPLIANCE PROGRAM - The Contractor acknowledges that the County has established a goal of ensuring that all individuals who benefit financially from the County through the Contract are in compliance with their court-ordered child, family and spousal support obligations in order to mitigate the economic burden otherwise imposed upon the County and its taxpayers.

As required by the County's Child Support Compliance Program (County Code Chapter 2.200) and without limiting the Contractor's duty under this Contract to comply with all applicable provisions of law, the Contractor warrants that it is now in compliance and shall, during the term of this Contract, maintain compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment Insurance Code Section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or District Attorney Notices of Wage and Earnings Assignment for Child or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

25. COUNTY LOBBYISTS - The Contractor and each County lobbyist or County lobbying firm as defined in Los Angeles County Code Section 2.160.010, retained by the Contractor, shall fully comply with the County Lobbyist Ordinance, Los Angeles County Code Chapter 2.160. Failure on the part of the Contractor or any County

## **AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT**

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1 lobbyist or County lobbying firm retained by the Contractor to fully comply with the  
2 County Lobbyist Ordinance shall constitute a material breach of this Contract upon  
3 which the County may immediately terminate or suspend this Contract.

4 26. COUNTY'S QUALITY ASSURANCE PLAN - The County or its agent will evaluate the  
5 Contractor's performance under this Contract on not less than an annual basis.  
6 Such evaluation will include assessing the Contractor's compliance with all contract  
7 terms and performance standards. The Contractor deficiencies which the County  
8 determines are severe or continuing and that may place performance of the  
9 Contract in jeopardy, if not corrected, will be reported to the Board of Supervisors.  
10 The report will include improvement/corrective action measures taken by the County  
11 and the Contractor. If improvement does not occur consistent with the corrective  
12 action measures, the County may terminate this Contract or impose other penalties  
13 as specified in this Contract.

14 27. COVENANT AGAINST FEES - The Contractor warrants that no person or selling  
15 agency has been employed or retained to solicit or secure this Contract upon an  
16 agreement or understanding for a commission, percentage, brokerage or  
17 contingent fee excepting bona fide employees or bona fide established commercial  
18 or selling agents maintained by the Contractor for the purpose of securing business.  
19 For breach or violation of this warranty, the County shall have the right to terminate  
20 this Contract and, in its sole discretion, to deduct from the Contract price or  
21 consideration, or otherwise recover, the full amount of such commission,  
22 percentage, brokerage or contingent fee.

23 28. DISPUTES - Any disputes between the County and the Contractor regarding the  
24 performance of services reflected in this Contract shall be brought to the attention of  
25 the County Contract Administrator (CCA). If the CCA is not able to resolve the  
26 dispute, it shall be resolved by the Chief Administrative Officer or designee, and  
27 this decision shall be final.

28 29. DISCLOSURE OF INFORMATION - The Contractor shall not disclose any details in  
29 connection with this Contract to any party, except as may be otherwise provided  
30 herein or required by law. However, in recognizing the Contractor's need to identify  
31 its services and related clients to sustain itself, the County shall not inhibit the  
32 Contractor from publicizing its role under this Contract within the following  
33 conditions:

34 29.1 The Contractor shall develop all publicity material in a professional manner.

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29.2 During the course of performance of this Contract, the Contractor, its employees, agents, and subcontractors shall not publish or disseminate commercial advertisements, press releases, opinions or feature articles, using the name of the County without the County's prior consent.

29.3 The Contractor shall not possess any interest, title, or right to any County case data or records. The Contractor is prohibited from disclosing any identified or unidentified raw County data to any other party, or from combining any identified or unidentified raw County data with that of any other Contractor client or other party into any database or report format for any purpose whatsoever without the expressed, written authorization of the County.

30. EMPLOYMENT ELIGIBILITY VERIFICATION - The Contractor warrants that it fully complies with all statutes and regulations regarding the employment eligibility of aliens and others, and that all persons performing services under this Contract are eligible for employment in the United States. The Contractor represents that it has secured and retained all required documentation verifying employment eligibility of its personnel. The Contractor shall secure and retain verification of employment eligibility from any new personnel in accordance with the applicable provisions of law.

The Contractor shall indemnify, defend and hold the County harmless from any employer sanctions or other liability which may be assessed against the County or the Contractor by reason of the Contractor's failure to comply with the foregoing.

31. FISCAL ACCOUNTABILITY - The Contractor shall be required to adhere to strict fiscal and accounting standards and must comply with the principles established in *41 Code of Federal Regulations (CFR) Part 1.15, Subpart 1-15.2*, for proprietary organizations.

32. FORCE MAJEURE - In the event that performance by either party is rendered impossible (permanently or temporarily) by governmental restrictions, regulation or controls or other causes beyond the reasonable control of such party, said event shall excuse performance by such party, or in the case of temporary impossibility, shall excuse performance only for a period commensurate with the period of impossibility. Notwithstanding the foregoing, the County shall have the right to

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1 terminate this Contract upon any event which renders performance impossible. In  
2 such case, the County shall be responsible for payment of all expenses incurred to  
3 the point at which this Contract is terminated.

- 4 33. GOVERNING LAW AND VENUE - This Contract shall be governed by and construed in  
5 accordance with and governed by the laws of the State of California.

6 Any reference to a specific statute, regulation, or other law is deemed to include a  
7 reference to any amendment thereto as of the effective date of such amendment;  
8 further, this Contract shall be interpreted, and the parties' duties and obligations  
9 under this Contract shall be consistent with, any amendment to any applicable  
10 statute, regulation, or any other law which occurs after the effective date of this  
11 Contract.

12 When an action is brought by either party to this Contract, the action shall be  
13 brought in the Superior Court of the State of California, Central District of the  
14 County of Los Angeles.

- 15 34. GOVERNMENT OBSERVATIONS - Federal, State, County and/or research personnel,  
16 in addition to departmental contracting staff, may observe performance, activities,  
17 or review documents required under this Contract at any time during normal working  
18 hours. However, these personnel may not unreasonably interfere with Contractor  
19 performance.

- 20 35. INDEPENDENT CONTRACTOR STATUS - This Contract is by and between the County  
21 and the Contractor and is not intended and shall not be construed to create a  
22 relationship of agent, servant, employee, partnership, joint venture, or association  
23 as between the County and the Contractor. The Contractor understands and  
24 agrees that all persons furnishing services to the County pursuant to this Contract  
25 are, for purposes of Workers' Compensation liability, employees solely of the  
26 Contractor and not of the County. The Contractor shall bear the sole responsibility  
27 and liability for furnishing Workers' Compensation benefits to any person for injuries  
28 arising from or connected with services performed on behalf of the Contractor  
29 pursuant to this Contract.

- 30 36. INDEMNIFICATION - The Contractor shall indemnify, defend and hold harmless the  
31 County, and its Special Districts, elected and appointed officers, employees, and  
32 agents from and against any and all liability, including but not limited to demands,  
33 claims, actions, fees, costs, and expenses (including attorney and expert witness

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fees), arising from or connected with the Contractor's acts and/or omissions arising from and/or relating to this Contract.

The Contractor shall require any tier of subcontractor to provide indemnity, defense and hold harmless as required of the Contractor.

37. INSURANCE - Without limiting the Contractor's indemnification of the County and during the term of this Contract, the Contractor shall provide and maintain, and shall require all of its subcontractors to maintain, the following programs of insurance specified in this Contract. Such insurance shall be primary to and not contributing with any other insurance maintained by the County, and such coverage shall be provided and maintained at the Contractor's own expense.

37.1 **Evidence of Insurance:** Certificate(s) or other evidence of coverage satisfactory to the County shall be delivered to the **Delta Uyenoyama, Chief, Risk Management Operations, Chief Administrative Office, 3333 Wilshire, Room 820, Los Angeles, California 90010**, prior to commencing services under this Contract. Such certificates or other evidence shall:

37.1.1 Specifically identify this Contract.

37.1.2 Clearly evidence all coverages required in this Contract.

37.1.3 Contain the express condition that the County is to be given written notice by mail at least thirty (30) days in advance of cancellation for all policies evidenced on the certificate of insurance.

37.1.4 Include copies of the additional insured endorsement to the commercial general liability policy, adding the County of Los Angeles, its Special Districts, its officials, officers and employees as insureds for all activities arising from this Contract.

37.1.5 Identify any deductibles or self-insured retentions for the County's approval. The County retains the right to require the Contractor to reduce or eliminate such deductibles or self-insured retentions as they apply to the County, or, require the Contractor to provide a bond guaranteeing payment of all such retained losses and related costs,

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including, but not limited to, expenses or fees, or both, related to investigations, claims administrations, and legal defense. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.

**37.2 Insurer Financial Ratings:** Insurance is to be provided by underwriters with an A.M. Best rating of not less than A:VII, unless otherwise approved by the County.

**37.3 Failure to Maintain Coverage:** Failure by the Contractor to procure and maintain the required insurance, or to provide evidence of insurance coverage acceptable to the County, shall constitute a material breach of contract upon which the County may immediately terminate or suspend this Contract. The County, at its sole option, may obtain damages from the Contractor resulting from said breach. Alternatively, the County may purchase such required insurance coverage, and without further notice to the Contractor, the County may deduct from sums due to the Contractor any premium costs advanced by the County for such insurance.

**37.4 Notification of Incidents, Claims or Suits:** The Contractor shall report to the County any accident or incident relating to services performed under this Contract which involves injury or property damage which may result in the filing of a claim or lawsuit against the Contractor or the County. Such report shall be made in writing within twenty-four (24) hours of occurrence. The Contractor shall also report to the County any third party claim or lawsuit filed against the Contractor arising from or related to services performed by the Contractor under this Contract, as well as any loss, disappearance, destruction, misuse, or theft of any kind whatsoever of County monies, securities or other County property entrusted to the Contractor under the terms of this Contract.

Any failure by the Contractor to comply with the claim reporting provisions of its policies shall not effect the scope of the indemnity provided in Section 36 above, **Indemnification**.

**37.5 Compensation for County Costs:** In the event that the Contractor fails to comply with any provision of this Contract, and such failure to comply results in additional costs to the County, the Contractor shall pay full compensation



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for such costs. These costs will be determined solely by the County.

**38. INSURANCE COVERAGE REQUIREMENTS**

**38.1 Commercial General Liability** insurance (ISO form CG 00 01 or its equivalent) with limits of not less than the following:

General Aggregate:	\$4 million
Products/Completed Operations Aggregate:	\$2 million
Personal and Advertising Injury:	\$2 million
Each Occurrence:	\$2 million

**The policy shall include coverage for bodily injury, property damage, personal injury, broad form property damage, products/completed operations, and blanket contractual liability. The policy shall contain a severability of interest provision. The commercial general liability additional insured endorsement shall be as broad as CG 20101185.**

**38.2 Automobile Liability** insurance (ISO form CA 00 01 or its equivalent) with a combined single limit of not less than \$1 million for each accident. Such insurance shall include coverage for all "owned", "hired" and "non-owned" vehicles, or, coverage for "any auto".

**38.3 Workers' Compensation and Employers' Liability** insurance providing workers compensation benefits, as required by the Labor code of the State of California or by other state, and for which the Contractor is responsible.

The insurance also shall include Employers' Liability coverage with limits of not less than the following

Each Accident:	\$1 million
Disease - policy limit:	\$1 million
Disease - each employee:	\$1 million

**38.4 Professional Liability:** Insurance covering liability arising from any error, omission, negligent or wrongful act of the Contractor, its officers or employees with limits of not less than the following:

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Per occurrence: \$2 million  
Aggregate: \$4 million

This coverage shall also provide an extended two (2) year reporting period commencing upon termination or cancellation of this Contract.

**38.5 Crime Coverage:** Insurance with limits in amounts not less than indicated below covering against loss of money, securities, or other property referred to in this Contract, and naming the County as loss payee.

Employee Dishonesty:	\$5 million
Forgery or Alteration:	\$5 million
Theft, Disappearance and Destruction:	\$5 million
Computer Fraud:	\$5 million

**38.6 Health Insurance:** The Contractor will provide basic health coverage for employees of the Contractor who perform work under the provisions of this Contract.

**39. JURY SERVICE PROGRAM COMPLIANCE** - This Contract is subject to the provisions of the County's ordinance entitled Contractor Employee Jury Service ("Jury Service Program") as codified in Sections 2.203.010 through 2.203.090 of the Los Angeles County Code.

**39.1 Written Employee Jury Service Policy:**

**39.1.1** Unless the Contractor has demonstrated to the County's satisfaction either that the Contractor is not a "Contractor" as defined under the Jury Service Program (Section 2.203.020 of the County Code) or that the Contractor qualifies for an exception to the Jury Service Program (Section 2.203.070 of the County Code), the Contractor shall have and adhere to a written policy that provides that its Employees shall receive from the Contractor, on an annual basis, no less than five (5) days of regular pay for actual jury service. The policy may provide that Employees deposit any fees received for such jury service with the Contractor or that the Contractor deduct from the Employee's regular pay the fees received for jury service.

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1           39.1.2 For purposes of this Section, "Contractor" means a person,  
2           partnership, corporation or other entity which has a contract with the  
3           County or a subcontract with a County contractor and has received  
4           or will receive an aggregate sum of \$50,000 or more in any 12-  
5           month period under one or more County contracts or subcontracts.  
6           "Employee" means any California resident who is a full time  
7           employee of the Contractor. "Full-time" means 40 hours or more  
8           worked per week, or a lesser number of hours if: 1) the lesser  
9           number is a recognized industry standard as determined by the  
10          County, or 2) the Contractor has a long-standing practice that  
11          defines the lesser number of hours as full-time. Full-time employees  
12          providing short-term, temporary services of ninety (90) days or less  
13          within a twelve (12) month period are not considered full-time for  
14          purposes of the Jury Service Program. If the Contractor uses any  
15          subcontractor to perform services for the County under the Contract,  
16          the subcontractor shall also be subject to the provisions of this  
17          Section. The provisions of this Section shall be inserted into any  
18          such subcontract agreement and a copy of the Jury Service Program  
19          shall be attached to the Contract.

20          39.1.3 If the Contractor is not required to comply with the Jury Service  
21          Program when the Contract commences, the Contractor shall have a  
22          continuing obligation to review the applicability of its "exception  
23          status" from the Jury Service Program, and the Contractor shall  
24          immediately notify the County if the Contractor at any time either  
25          comes within the Jury Service Program's definition of "Contractor"  
26          or if the Contractor no longer qualifies for an exception to the  
27          Program. In either event, the Contractor shall immediately  
28          implement a written policy consistent with the Jury Service Program.  
29          The County may also require, at any time during the Contract and at  
30          its sole discretion, that the Contractor demonstrate to County's  
31          satisfaction that the Contractor either continues to remain outside of  
32          the Jury Service Program's definition of "Contractor" and/or that the  
33          Contractor continues to qualify for an exception to the Program.

34          39.1.4 The Contractor's violation of this Section of the Contract may  
35          constitute a material breach of the Contract. In the event of such  
36          material breach, the County may, in its sole discretion, terminate the  
37          Contract and/or bar the Contractor from the award of future County

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contracts for a period of time consistent with the seriousness of the breach.

### 40. LIQUIDATED DAMAGES

40.1 If the Contractor fails to perform agreed services within the time specified, the County shall reduce the Contractor's billing by \$1,000 per day for services which are unfulfilled in accordance with the terms of this Contract.

40.2 If the Contractor fails to provide qualified staff in accordance with the terms of this contract, the County shall reduce the Contractor's billing by the total monthly salary amount of the unfilled position, calculated for each month the position remains vacant.

40.3 As provided under this Contract, the County Contract Administrator shall serve written notice upon the Contractor of any deficiency noted. The Contractor shall have up to fifteen (15) days after receipt of deficiency notice to remedy deficiency before provisions in Sections 40.1 and 40.2 are applied.

### 41. NONDISCRIMINATION IN EMPLOYMENT

41.1 The Contractor shall comply with all laws and regulations as defined in Equal Employment Opportunity EEO (*U.S. Executive Order 11246* and amended by *U.S. Executive Order 11375* and Supplemented in *Department of Labor Regulations, 41 CFR, Part 60*). The Contractor certifies and agrees that all persons employed by it, its affiliates, subsidiaries, or holding companies, are and will be treated equally by it without regard to or because of race, color, national origin, ancestry, religion, sex, marital status, political affiliation, age, or condition of disability, in compliance with all applicable Federal and State anti-discrimination laws and regulations. The Contractor shall insure that EEO and State-approved Civil Rights posters, "Equal Under The Law," are posted in all the Contractor's facilities, where they are easily accessible to the Contractor's employees.

41.2 The Contractor shall take affirmative action to insure that applicants are employed, and employees are treated equally during employment, without regard to race, color, religion, ancestry, national origin, sex, age, condition of

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1 disability, marital status, or political affiliation. Such action shall include, but  
2 is not limited to the following: Employment, upgrading, demotion, transfer,  
3 recruitment or recruitment advertising, layoff or termination, rates of pay or  
4 other forms of compensation, and selection for training, including  
5 apprenticeship.

6 41.3 The Contractor shall deal with its subcontractors, bidders, or vendors without  
7 regard to or because of race, color, religion, ancestry, national origin, sex,  
8 age, condition of disability, marital status, or political affiliation.

9 41.4 The Contractor shall allow the County representatives access to its  
10 employment records during regular business hours to verify compliance with  
11 the provisions of this section when so requested by the County.

12 41.5 The Contractor shall not discriminate against any employee, or applicant for  
13 employment on the basis of race, national origin or ancestry, religion, sex,  
14 marital status, political affiliation, age or condition of disability. Practices in  
15 hiring, compensation, benefits, and firing are among the employment  
16 practices subject to this requirement.

17 41.6 If the County finds that any of the above provisions have been violated, the  
18 same shall constitute a material breach of contract upon which the County  
19 may determine to cancel, terminate, or suspend this Contract. While the  
20 County reserves the right to determine independently that the Equal  
21 Employment Opportunity (EEO) provisions of Contract have been violated, in  
22 addition, a determination by the California Fair Employment Practices  
23 Commission or the Federal Equal Employment Opportunity Commission  
24 that the Contractor has violated State or Federal EEO laws or regulations  
25 shall constitute a finding by the County that the Contractor has violated the  
26 EEO provisions of this Contract.

27 41.7 The parties agree that in the event the Contractor violates the EEO  
28 provisions of this Contract, the County shall, at its option, be entitled to a sum  
29 of five hundred dollars (\$500.00) pursuant to *California Civil Code, Section*  
30 *1671*, as liquidated damages in lieu of canceling, terminating or suspending  
31 this Contract.

32 42. NOTICE TO EMPLOYEES REGARDING THE FEDERAL EARNED INCOME CREDIT - The

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Contractor shall notify its employees, and shall require each subcontractor to notify its employees, that they may be eligible for the federal Earned Income Credit under the federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice 1015 (see information available at web site <http://www.irs.gov/> and click on Earned Income Tax Credit or website [http://www.irs.gov/forms\\_pubs/pubs.html](http://www.irs.gov/forms_pubs/pubs.html) for the forms and publications.)

43. NOTICE OF DELAYS - When either party has knowledge that any actual or potential situation is delaying or threatens to delay the timely performance of this Contract, that party shall, within five (5) business days, give written notice thereof, including all relevant information with respect thereto, to the other party.

The other party shall respond within five (5) business days of receipt, clarifying the stated problem(s) or delay(s), or confirming corrective action to the satisfaction of the party that originated the notice.

44. NOTICES

44.1 **Notice of Meetings** - The Contractor shall provide appropriate levels of staff at all meetings requested by the County. The County will give five (5) business days prior notice to the Contractor of the need to attend such meetings.

The Contractor may orally request meetings with the County, as needed, with five (5) business days advance notice. The advance notice requirement may be waived with the mutual consent of both the Contractor and the County.

44.2 **Delivery of Notices** - Delivery of notices shall be accomplished by hand-delivery or enclosing the same in a sealed envelope addressed to the party for whom intended and by depositing such envelope with postage prepaid in a United States Post Office or substation thereof, or any public mail box.

44.3 **Notices to the Contractor** - Any such notice and the envelope containing same shall be addressed to the Contractor at its place of business:

Larry G. Hunt, Executive Vice President  
Carl Warren & Company  
P.O. Box 116

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Glendale, California 91209-0116

**44.4 Notices to the County** - Notices and envelopes containing same to the County shall be addressed to :

Rocky Armfield  
County Risk Manager  
3333 Wilshire Blvd., Suite 820  
Los Angeles, California 90010

**44.5 Contractor's Notice of Office Change** - The Contractor shall notify the County's Contract Administrator in writing of Contractor's intent to move and change its business location, at least thirty (30) calendar days prior to the effective date.

**45. NOTICE TO EMPLOYEES REGARDING THE SAFELY SURRENDERED BABY LAW** - The Contractor shall notify and provide to its employees, and shall require each subcontractor to notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is available for printing at [www.babysafela.org](http://www.babysafela.org).

**46. CONTRACTOR'S ACKNOWLEDGMENT OF COUNTY'S COMMITMENT TO THE SAFELY SURRENDERED BABY LAW** - The Contractor acknowledges that the County places a high priority on the implementation of the Safely Surrendered Baby Law. The Contractor understands that it is the County's policy to encourage all County Contractors to voluntarily post the County's "safely Surrendered Baby Law" poster in a prominent position at the Contractor's place of business. The Contractor will also encourage its Subcontractors, if any, to post this poster in a prominent position in the subcontractor's place of business. The County's Department of Children and Family Services will supply the Contractor with the poster to be used.

**47. OWNERSHIP OF DATA/EQUIPMENT** - The County shall be sole owner of all rights, titles and interests in any and all compilations of data, reports, and deliverables which have been prepared, developed or maintained by the Contractor pursuant to this Contract.

The County shall be sole owner of all rights, title and interests in any and all

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equipment provided by the County or purchased by the Contractor with County funds, pursuant to this Contract.

48. PROPRIETARY RIGHTS - The County and the Contractor agree that all software, materials, data and information developed under this Contract shall become the sole property of the County, provided that the Contractor may retain possession of all working papers prepared by the Contractor. During and subsequent to the term of this Contract, the County shall have the right to inspect any and all such working papers, make copies thereof, and use the working papers and the information contained therein.

Any materials, data and information not developed under this Contract, which the Contractor considers to be proprietary and confidential, shall be plainly and prominently marked by the Contractor as "TRADE SECRET," "PROPRIETARY," OR "CONFIDENTIAL." The County will use reasonable means to insure that the Contractor's proprietary and confidential materials, data and information are safeguarded and held in confidence. The County agrees not to reproduce or distribute such materials, data and information to non-County entities without the prior written permission of the Contractor.

Notwithstanding any other provision of this Contract, the County shall not be obligated in any way for:

48.1 Any materials, data and information not plainly and prominently marked with restrictive legends as set forth in this Section 48;

48.2 Any materials, data and information covered under this Section 48;

48.3 Any disclosure of any materials, data and information which County is required to make under the California Public Records Act or otherwise by law.

The Contractor shall protect the security of and keep confidential all materials, data and information received or produced under this Contract. Further, the Contractor shall use whatever security measures are necessary to protect all such materials, data and information from loss or damage by any cause, including, but not limited to, fire and theft.

The Contractor shall not disclose to any party any information identifying,



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characterizing or relating to any risk, threat, vulnerability, weakness or problem regarding data security in the County's computer systems, or to any safeguard, countermeasure, contingency plan, policy or procedure for data security contemplated or implemented by the County, without the County's prior written consent.

The provisions of Section 50, ***Records Retention and Inspection***, shall survive the expiration or termination of this Contract.

49. **RECORDS** - The Contractor shall maintain books, records, documents and other evidence, and accounting procedures and practices sufficient to support all claims for payment made by the Contractor to the County. Such records shall be kept in accordance with Section 50, ***Records Retention and Inspection***.

50. **RECORDS RETENTION AND INSPECTION** - The Contractor agrees that County, State and Federal representatives or any duly authorized representatives thereof, shall, at any reasonable time, have access to and the right to examine, monitor, audit, excerpt, copy or transcribe any pertinent transaction, activity, time cards, or other records relating to this Contract at no cost to the County. Such material, including all pertinent costs, accounting, financial records and proprietary data shall be kept and maintained by the Contractor for a period of five (5) years after the term of this Contract, unless the County Contract Administrator's written permission is given to dispose of such material prior to the end of such period, or until audited, whichever is longer. The County may require specific records be retained longer than five (5) years when there is outstanding litigation, unresolved disputes or any audit.

Other required documents to be retained include, but not limited to:

50.1 **Invoices/Check Stubs**: Monthly and any supplemental invoices and reimbursement check stubs.

50.2 **Confidentiality Agreement**: ***Contractor Employee Acknowledgment and Confidentiality Agreement*** signed forms (**Part D, Attachment 4**).

50.3 **Licenses**: Fire Permit, Elevator License, if applicable, Business licenses and Certifications relating to curriculum, facilities and instructors.

50.4 **Action Items from Performance Evaluation Meetings**: The County Contract Administrator (CCA) writes the action items from any Performance

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1 Evaluation Meetings and provides them to the Contractor for follow-up and  
2 retention.

3 The County, its Auditor-Controller or designee, hereby retains the right to  
4 conduct, during normal business hours, an audit and re-audit of the books,  
5 records, and business conducted by the Contractor and observe the  
6 operation of the business so that accuracy of the above records and any of  
7 the Contractor's invoices for services provided can be confirmed.

8 50.5 All such material shall be maintained by the Contractor at a location in Los  
9 Angeles County, provided that if such material is located outside Los  
10 Angeles County, either (1) pay the County for travel, per diem, and other  
11 costs incurred by the County to examine, audit, excerpt, copy or transcribe  
12 such material at such other location, or (2) pay to have such materials  
13 promptly returned to a Contractor facility located in Los Angeles County for  
14 examination by the County.

15 50.6 Failure on the part of the Contractor to comply with the provisions of this  
16 Section 50 shall constitute a material breach of this Contract upon which the  
17 County may terminate or suspend this Contract.

18 51. RECYCLED BOND PAPER - Consistent with the Board of Supervisors' policy to  
19 reduce the amount of solid waste deposited at County landfills, the Contractor  
20 agrees to use recycled-content paper to the maximum extent possible on this  
21 Contract.

22 52. SPECIAL PROVISION CONCERNING ASSUMPTION OF CLAIMS - Upon mutual agreement  
23 between the County and the Contractor, the Contractor shall assume the County  
24 claims from other County Claims Administrators at substantially the same terms of  
25 this Contract.

26 53. SUBCONTRACTING - No performance of this Contract or any portion thereof may be  
27 subcontracted by Contractor without the express written consent of the County. This  
28 written consent shall be provided by way of amendment executed by the Chief  
29 Administrative Officer pursuant to Section 8, **Changes and Amendments of**  
30 **Terms**. Any attempt by the Contractor to subcontract any performance of the terms  
31 of this Contract without the express written consent of the County shall be null and  
32 void and shall constitute a breach of the terms of the Contract. In the event of such a  
33 breach, the Contract may be terminated forthwith. The County's determination of

**AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND  
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whether to approve the Contractor's request to subcontract shall be completely within the discretion of the County.

Subcontracts shall be made in the name of the Contractor and shall not bind nor purport to bind the County. The making of subcontracts hereunder shall not relieve the Contractor of any requirement under the Contract, including, but not limited to, the duty to properly supervise and coordinate the work of subcontractors. Approval of the provisions of any subcontract by the County shall not be construed to constitute a determination of the allowability of any cost under the Contract. In no event shall approval of any subcontract by the County be construed as effecting any increase in the amount provided for in the Contract. The Contractor's request for approval to enter into a subcontract shall include:

53.1 A description of the service to be provided by the proposed subcontractor;

53.2 Identification of the proposed subcontractor and an explanation of why and how it was selected, including the degree of competition obtained;

53.3 An indication whether the proposed subcontractor's firm is a minority, women-owned, disadvantaged, or disabled veterans business enterprise;

53.4 A resume of the potential subcontractor's background and experience.

In the event that the County should consent to subcontracting, the Contractor shall include, in all subcontracts, the following provision: *"This Contract is a subcontract under the terms of a prime contract with the County of Los Angeles. All representations and warranties shall inure to the benefit of the County of Los Angeles."*

54. TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM - Failure of the Contractor to maintain compliance with the requirements set forth in Section 24, **Contractor's Warranty of Adherence to County's Child Support Compliance Program**, shall constitute a default by the Contractor under this Contract. Without limiting the rights and remedies available to the County under any other provision of this Contract, failure to cure such default within ninety (90) days of notice by the Los Angeles County Child Support Services Division shall be grounds upon which the County Board of Supervisors may terminate this Contract pursuant to Section 56, **Termination For**

**AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND  
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***Default of The Contractor.***

55. TERMINATION FOR CONVENIENCE OF THE COUNTY - Performance of services under this Contract may be terminated by the County, in whole or in part, when such action is deemed by the County to be in its best interest. Termination of work shall be effected by delivery to the Contractor of a thirty (30) calendar day, prior written Notice of Termination. The Notice of Termination shall specify the extent to which performance of work is terminated and the date upon which such termination becomes effective.

After receipt of the Notice of Termination and except as otherwise directed by the County, the Contractor shall:

55.1 Immediately stop services under this Contract on the date and to the extent specified in the Notice of Termination.

55.2 Complete performance of such part of the work as shall not have been terminated by the Notice of Termination.

55.3 Submit to the County, in the form and with the certifications as may be prescribed by the County, its termination claim and invoice. Such claim and invoice shall be submitted promptly, but not later than three (3) months from the effective date of termination. Upon failure of the Contractor to submit its termination claim and invoice within the time allowed, the County may determine, on the basis of information available to the County, the amount, if any, due to the Contractor in respect to the termination and such determination shall be final. After such determination is made, the County shall pay the Contractor the amount so determined.

55.4 Upon termination of this Contract, the Contractor shall deliver to the County all work completed or in progress, including all data, reports and deliverables within ten (10) business days after termination of this Contract.

55.5 Upon termination of this Contract, the Contractor shall comply with the provisions of Section 50, ***Records Retention and Inspection***, herein above.

55.6 If, during the term of this Contract, the County funds appropriated for the purposes of this Contract are reduced or eliminated, the County may

**AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND  
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1 immediately terminate this Contract upon written notice to the Contractor.

2 55.7 Subject to the provisions of Subparagraph 55.3 above, the County and the  
3 Contractor shall negotiate an equitable amount to be paid to the Contractor  
4 by reason of the total or partial termination of work pursuant to this Section  
5 55. Said amount may include a reasonable allowance for overhead on work  
6 done but shall not include an allowance on work terminated. The County  
7 shall pay the agreed amount, subject to other limitations and provided that  
8 such amount shall not exceed the total funding obligated under this Contract,  
9 as reduced by the amount of payments otherwise made and as further  
10 reduced by the contract price of work not terminated.

11 56. TERMINATION FOR DEFAULT OF THE CONTRACTOR - The County may, subject to the  
12 provisions outlined below, by written notice of default to the Contractor, terminate  
13 the whole or any part of this Contract in any one of the following circumstances:

14 56.1 If the Contractor fails to perform the service within the time specified or, with  
15 prior County approval, any extension thereof; or

16 56.2 If the Contractor fails to perform any of the other provisions of this Contract,  
17 or so fails to make progress as to endanger performance of this Contract in  
18 accordance with its terms, and in either of these two (2) circumstances does  
19 not cure such failure within a period of three (3) calendar days (or such  
20 longer period as the County may authorize in writing) after receipt of notice  
21 from the County specifying such failure; or

22 56.3 In the event the County terminates this Contract in whole or in part as  
23 provided in this Section 56, the County may procure, upon such terms and in  
24 such manner as the County may deem appropriate, services similar to those  
25 terminated. The Contractor shall be liable to the County for any incremental  
26 and excess costs for such similar services;

27 56.4 If, after giving Notice of Termination of this Contract under the provisions of  
28 this Section 56, it is determined for any reason that the Contractor was not in  
29 default under the provisions of this Section 56 or that the default was  
30 excusable, the rights and obligations of the parties shall be the same as if  
31 the Notice of Termination had been issued pursuant to Section 55,  
32 ***Termination For Convenience of the County***, herein above; or

**AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND  
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56.5 Upon termination of this Contract, the Contractor shall adhere to the termination provisions of this Section 56 herein above.

57. TERMINATION FOR IMPROPER CONSIDERATION - The County may, by written notice to the Contractor, immediately terminate the right of the Contractor to proceed under this Contract if it is found that consideration, in any form, was offered or given by the Contractor, either directly or through an intermediary, to any County officer, employee, or agent with the intent of securing this Contract or securing favorable treatment with respect to the award, amendment or extension of this Contract or the making of any determinations with respect to the Contractor's performance pursuant to this Contract. In the event of such termination, the County shall be entitled to pursue the same remedies against the Contractor as it could pursue in the event of default by the Contractor.

The Contractor shall immediately report any attempt by a County officer or employee to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's employee Fraud Hotline at (213)974-0914 or (800) 544-6861.

Among other items, such improper consideration may take the form of cash, discounts, services, the provision of travel or entertainment, or tangible gifts.

58. TERMINATION FOR NON-APPROPRIATION OF FUNDS - The County's obligation is payable only from funds appropriated for the purpose of this Contract. All funds for payments after the end of the current fiscal year are subject to Federal, State or County's legislative appropriation for this purpose. In the event this Contract extends into succeeding fiscal year periods and the Board of Supervisors or the State or Federal Legislature does not allocate sufficient funds for the next succeeding fiscal year payments, services shall automatically be terminated as of the end of the then current Fiscal Year.

The County shall make a good faith effort to notify the Contractor, in writing, of such non-appropriation at the earliest time.

59. TERMINATION NOTICES - In the event of suspension or termination of the Contract, written notices may also be given upon personal delivery to any person whose actual knowledge of such termination would be sufficient notice to the Contractor.

60. TIMELY COMPLETION - Time is of the essence in the completion of service and work

## AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT

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as stipulated in this Contract.

61. TRADE SECRETS - Recognizing that the County has no way to safeguard trade secrets or proprietary information, the Contractor shall hold the County harmless from all damages, costs, and expenses by reason of any disclosure by the County of trade secrets and proprietary information.

62. VALIDITY - The invalidity, in whole or in part, of any provision of this Contract shall not void or affect the validity of any other provision.

63. WAIVER - No waiver of a breach of any provision of this Contract by the County will constitute a waiver of any other breach of said provision or any other provision of this Contract. Failure of the County to enforce, at any time or from time to time, any provision of this Contract, shall not be construed as a waiver thereof. No waiver shall be enforced unless said waiver is set forth in writing.

64. WARRANTY - The Contractor warrants that all services performed hereunder will comply with the **Statement of Work**, herein above, any specifications related thereto, and that all such services shall be performed in accordance with the ordinary skill and care observed in the industry by those knowledgeable, trained and experienced in rendering similar services at the time such services are performed.

The Contractor shall, within twenty-four (24) hours after oral or written notice from the County, correct any and all defects, deficiencies, errors or omissions in services rendered to the County. The correction of such defects, deficiencies, errors or omissions shall be at no cost to the County.

65. WORK

65.1 Pursuant to the provisions of this Contract, the Contractor shall fully perform, complete and deliver on time, all tasks, deliverables, services and other work as set forth in the **Statement of Work**.

65.2 If the Contractor provides any tasks, deliverables, goods, services, or other work, other than as specified in this Contract, the same shall be deemed to be a gratuitous effort on the part of the Contractor, and the Contractor shall have no claim whatsoever against the County.

66. CONTRACTOR'S OBLIGATIONS UNDER HEALTH INSURANCE PORTABILITY AND

## AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT

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1        ACCOUNTABILITY ACT OF 1996 (HIPAA) - Under this Contract, the Contractor (also  
2        Business Associate) provides services to County (also Covered Entity) and  
3        Business Associate receives, has access to or creates Protected Health  
4        Information in order to provide those services. Covered Entity is subject to the  
5        Administrative Simplification requirements of the Health Insurance Portability and  
6        Accountability Act of 1996, and regulations promulgated thereunder, including the  
7        Standards for Privacy of Individually Identifiable Health Information at 45 Code of  
8        Federal Regulations Parts 160 and 164 ("Privacy Regulations").

9        The Privacy Regulations require Covered Entity to enter into a contract with  
10       Business Associate in order to mandate certain protections for the privacy and  
11       security of Protected Health Information, and those Regulations prohibit the  
12       disclosure to or use of Protected Health Information by Business Associate.

13       **66.1 Definitions:** For purposes of this section 66, the following definitions apply:

14            66.1.1 "Disclose," and "Disclosure" mean, with respect to Protected Health  
15            Information, the release, transfer, provision of access to, or divulging  
16            in any other manner of Protected Health Information outside the  
17            Business Associate's internal operations or to other than its  
18            employees.

19            66.1.2 "Individual" means the person who is the subject of Protected Health  
20            Information and shall include a person who qualifies as a personal  
21            representative in accordance with 45 C.F.R. § 164.502(g).

22            66.1.3 "Protected Health Information" has the same meaning as the  
23            "protected health information" in 45 C.F.R § 164.501, limited to the  
24            information created or received by Business Associate from or on  
25            behalf of Covered Entity. Protected Health Information includes  
26            information that (i) relates to the past, present or future physical or  
27            mental health or condition of an Individual; the provision of health  
28            care to an Individual, or the past, present or future payment for the  
29            provision of health care to an Individual; (ii) identifies the Individual  
30            (or for which there is a reasonable basis for believing that the  
31            information can be used to identify the Individual); and (iii) is  
32            received by the Business Associate from or on behalf of the  
33            Covered Entity, or is created by the Business Associate, or is made  
34            accessible to the Business Associate by the Covered Entity.



## AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT

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66.1.4 “Required By Law” means a mandate contained in law that compels an entity to make a Use or Disclosure of Protected Health Information and that is enforceable in a court of law. Required by law includes, but is not limited to, court orders and court-ordered warrants; subpoenas or summons issued by a court, grand jury, a governmental or tribal inspector general, or any administrative body authorized to require the production of information; a civil or an authorized investigative demand; medical conditions of participation with respect to health care providers participating in the program; and statutes or regulations that require the production of information, including statutes or regulations that require such information of payment is sought under government program providing benefits.

66.1.5 “Services” has the same meaning as in the body of this Contract.

66.1.6 “Use” or “Uses” mean, with respect to Protected Health Information, the sharing, employment, application, utilization, examination or analysis of such Information within the Business Associate’s internal operations.

66.1.7 Terms used, but not otherwise defined, in this Section 66 shall have the same meaning as those terms in the Privacy Regulations.

### 66.2 **Obligations of Business Associate:**

66.2.1 Permitted Uses and Disclosures of Health Information. The Business Associate:

- A. shall Use and Disclose Protected Health Information as necessary to perform the services of this Contract;
- B. shall Disclose Protected Health Information to the County upon request;
- C. may, as necessary for the proper management and administration of its business or to carry out its legal responsibilities:
  - (1) Use Protected Health Information; and

**AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND  
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(2) Disclose Protected Health Information if the Disclosure is  
Required by Law.

Business Associate shall not Use or Disclose Protected Health  
Information for any other purpose.

66.2.2 Adequate Safeguards for Protected Health Information. The  
Business Associate warrants that it shall implement and maintain  
appropriate safeguards to prevent the Use or Disclosure of  
Protected Health Information in any manner other than as permitted  
by this Section 66. Business Associate agrees to limit the Use and  
Disclosure of Protected Health Information to the minimum  
necessary in accordance with the Privacy Regulation's minimum  
necessary standard.

66.2.3 Reporting Non-Permitted Use or Disclosure. The Business  
Associate shall report to the Covered Entity each Use or Disclosure  
that is made by the Business Associate, its employees,  
representatives, agents or subcontractors but is not specifically  
permitted by this Contract. The initial report shall be made by  
telephone call to the Department of Health Services Privacy Officer  
at 1-800-711-5366 within forty-eight (48) hours from the time the  
Business Associate becomes aware of the non-permitted Use or  
Disclosure, followed by a full written report no later than ten (10)  
business days from the date the Business Associate becomes  
aware of the non-permitted Use or Disclosure to the Chief  
Information Privacy Officer at:

Chief Information Privacy Officer  
Kenneth Hahn Hall of Administration  
500 West Temple St., Suite 493  
Los Angeles, CA 90012

66.2.4 Mitigation of Harmful Effect. Business Associate agrees to mitigate,  
to the extent practicable, any harmful effect that is known to Business  
Associate of a Use or Disclosure of Protected Health Information by  
Business Associate in violation of the requirements of this Section  
66.

**AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND  
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1           66.2.5 Availability of Internal Practices, Books and Records to Government  
2           Agencies. The Business Associate agrees to make its internal  
3           practices, books and records relating to the Use and Disclosure of  
4           Protected Health Information available to the Secretary of the federal  
5           Department of Health and Human Services for purposes of  
6           determining the Covered Entity's compliance with the Privacy  
7           Regulations. Business Associate shall immediately notify Covered  
8           Entity of any requests made by the Secretary and provide Covered  
9           Entity with copies of any documents produced in response to such  
10          request.

11          66.2.6 Access to Protected Health Information. The Business Associate  
12          shall, to the extent the Covered Entity determines that any Protected  
13          Health Information constitutes a "designated record set" as defined  
14          by 45 C.F.R. § 164.501, make the Protected Health Information  
15          specified by Covered Entity available to the Individual(s) identified by  
16          Covered Entity as being entitled to access and copy that Protected  
17          Health Information. Business Associate shall provide such access  
18          for inspection of that Protected Health Information within two (2)  
19          business days after receipt of request from Covered Entity.  
20          Business Associate shall provide copies of that Protected Health  
21          Information within five (5) business days after receipt of request from  
22          Covered Entity.

23          66.2.7 Amendment of Protected Health Information. Business Associate  
24          shall, to the extent Covered Entity determines that any Protected  
25          Health Information constitutes a "designated record set" as defined  
26          by 45 C.F.R. § 164.501, make any amendments to Protected Health  
27          Information that are requested by Covered Entity. Business  
28          Associate shall make such amendment within ten (10) business  
29          days after receipt of request from Covered Entity in order for  
30          Covered Entity to meet the requirements under 45 C.F.R. § 164.526.

31          66.2.8 Accounting of Disclosures. Upon the Covered Entity's request, the  
32          Business Associate shall provide to the Covered Entity an  
33          accounting of each Disclosure of Protected Health Information made  
34          by the Business Associate or its employees, agents, representatives  
35          or subcontractors.

## AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT

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Any accounting provided by Business Associate under this Section 66.2.8 shall include: (a) the date of the Disclosure; (b) the name, and address if known, of the entity or person who received the Protected Health Information; (c) a brief description of the Protected Health Information disclosed; and (d) a brief statement of the purpose of the Disclosure. For each Disclosure that could require an accounting under this Section 66.2.8, the Business Associate shall document the information specified in (a) through (d), above, and shall securely maintain the information for six (6) years from the date of the Disclosure. Business Associate shall provide to Covered Entity, within ten (10) business days after receipt of request from Covered Entity, information collected in accordance with this Section 66.2.8 to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528.

**66.3 Obligation of Covered Entity:** Covered Entity shall notify Business Associate of any current or future restrictions or limitations on the use of Protected Health Information that would affect Business Associate's performance of the Services, and Business Associate shall thereafter restrict or limit its own uses and disclosures accordingly.

### **66.4 Term and Termination:**

**66.4.1 Term.** The term of this Section 66 shall be the same as the term of this Contract. The Business Associate's obligations under Section 66.2.1 (as modified by Section 66.4.2), 66.2.3, 66.2.4, 66.2.5, 66.2.6, 66.2.7, 66.2.8, 66.4.3 and 66.5.2 shall survive the termination or expiration of this Contract.

**66.4.2 Termination for Cause.** In addition to and notwithstanding the termination provisions set forth in this Contract, upon Covered Entity's knowledge of a material breach by the Business Associate, the Covered Entity shall either:

- A. Provide an opportunity for the Business Associate to cure the breach or end the violation and terminate this Contract if the Business

## **AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT**

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1 Associate does not cure the breach or end the violation within the  
2 time specified by Covered Entity;

3 B. Immediately terminate this Contract if the Business Associate has  
4 breached a material term of this Contract and cure is not possible; or

5 C. If neither termination nor cure are feasible, the Covered Entity shall  
6 report the violation to the Secretary of the federal Department of  
7 Health and Human Services.

### 8 66.4.3 Disposition of Health Information Upon Termination or Expiration.

9 A. Except as provided in paragraph B of this Section 66.4.3, upon  
10 termination for any reason or expiration of this Contract, Business  
11 Associate shall return or destroy all Protected Health Information  
12 received from the Covered Entity, or created or received by the  
13 Business Associate on behalf of the Covered Entity. This provision  
14 shall apply to Protected Health Information that is in the possession  
15 of subcontractors or agents of the Business Associate. The  
16 Business Associate shall retain no copies of the Protected Health  
17 Information.

18 B. In the event that the Business Associate determines that returning or  
19 destroying the Protected Health Information is infeasible, the  
20 Business Associate shall provide to the Covered Entity notification  
21 of the conditions that make infeasible. If return or destruction is  
22 infeasible, the Business Associate shall extend the protections of  
23 this Contract to such Protected Health Information and limit further  
24 Uses and Disclosures of such Protected Health Information to those  
25 purposes that make the return or destruction infeasible, for so long  
26 as the Business Associate maintains such Protected Health  
27 Information.

### 28 66.5 **Miscellaneous:**

29 66.5.1 No Third Party Beneficiaries. Nothing in this Section 66 shall confer  
30 upon any person other than the parties and their respective  
31 successors or assigns, any rights, remedies, obligations, or  
32 liabilities whatsoever.

**AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND  
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1           66.5.2 Use of Subcontractors and Agents. The Business Associate shall  
2           require each of its agents and subcontractors that receive Protected  
3           Health Information from the Business Associate, or create Protected  
4           Health Information for the Business Associate, on behalf of the  
5           Covered Entity, to execute a written agreement obligating the agent  
6           or subcontractor to comply with all the terms of this Section 66.

7           66.5.3 Relationship to Services Agreement Provisions. In the event that a  
8           provision of this Section 66 is contrary to another provision of this  
9           Contract, the provisions of this Section 66 shall control. Otherwise,  
10          this Section 66 shall be construed under, and in accordance with, the  
11          terms of this Contract.

12          66.5.4 Regulatory References. A reference in this Section 66 to a section  
13          in the Privacy Regulations means the section as in effect or as  
14          amended.

15          66.5.5 Interpretation. Any ambiguity in this Section 66 shall be resolved in  
16          favor of a meaning that permits the Covered Entity to comply with the  
17          Privacy Regulations.

18          66.5.6 Amendment. The parties agree to take such action as is necessary  
19          to amend this Section 66 from time to time as is necessary for the  
20          Covered Entity to comply with the requirements of the Privacy  
21          Regulations.

22   67.   MANDATORY REQUIREMENT TO REGISTER ON COUNTY'S WEBVEN - The Contractor  
23   represents and warrants that it has registered in the County's WebVen. Prior to a  
24   contract award, all potential contractors must register in the County's WebVen. The  
25   WebVen contains the vendor's business profile and identifies the goods/services  
26   the business provides. Registration can be accomplished online via the Internet by  
27   accessing the County's home page at [http://lacounty.info/doing-](http://lacounty.info/doing-business/main_db.htm)  
28   [business/main\\_db.htm](http://lacounty.info/doing-business/main_db.htm). (*There are underscores in the address between the words*  
29   *"doing business" and "main db".*)

**AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND  
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1           IN WITNESS WHEREOF, the Contractor has executed this Contract, or caused it to  
2 be duly executed and the County of Los Angeles, by order of its Board of Supervisors has  
3 caused this Contract to be executed on its behalf by the Chair of said Board and attested  
4 by the Executive Officer-Clerk of the Board of Supervisors thereof, the date and year first  
5 above written.

**COUNTY OF LOS ANGELES**

By \_\_\_\_\_  
Chairman, Board of Supervisors

**ATTEST:**

VIOLET VARONA-LUKENS, Executive Officer  
Clerk of the Board of Supervisors

By \_\_\_\_\_

**APPROVED AS TO FORM:**

LLOYD W. PELLMAN  
County Counsel

By \_\_\_\_\_  
Nancy Takade, Senior Deputy County Counsel

**CARL WARREN & COMPANY**

By \_\_\_\_\_  
John D. Lewis, Jr., Vice President

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## STATEMENT OF WORK

1. **KEY TPA SERVICES** - The key TPA services listed below in this Statement of Work are organized under a number of general categories including:

Incident Reporting  
Claims Administration  
Litigation Management  
Subrogation  
Settlement Authority  
Information Management  
Education and Risk Management/Loss Prevention Programs  
Administrative Services

For definitions of terms used in this **Statement of Work** see Exhibit 12.

2. **INCIDENT REPORTING**

- 2.1 The Contractor shall provide, or develop if necessary, general guidelines and information for County employees to follow that will assist the Contractor in the administration of incidents, and should support of County's **Incident Reporting and Accident Review Guidelines, Exhibit 6**). Such Contractor developed guidelines and information is subject to approval by County Risk Management.
- 2.2 Incidents will be submitted to the Contractor electronically using Countywide Risk Management Information System (RMIS) or by fax or mail. The Contractor shall supply printed forms to be used by the County departments for reporting incidents. The format of each form must be approved by the County Contract Administrator (CCA).
- 2.3 **Entering Incident Reports Into RMIS** - The County's RMIS includes online incident reporting by County staff.
  - A. Not all County staff will have access to RMIS so the Contractor must be able to receive incident reports also by phone, fax and mail, and to purge incident reports to comply with legal retention requirements.

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- B. The Contractor also must input into the County's RMIS all incident reports that the Contractor receives not already entered into RMIS by County staff.
- 2.4 The Contractor shall promptly review all incident reports made by the County to determine if:
  - 2.4.1 A case file should be created based on guidelines contained in ***Incident Reporting and Accident Review Guidelines*** (see Exhibit 6);
  - 2.4.2 Subrogation action should be undertaken based on the guidelines contained in Exhibit 8, ***Vehicle Accident Subrogation Process***;
  - 2.4.3 The matter should be handled as an incident only because of no liability against the County; or
  - 2.4.4 The claim should be referred for immediate field investigation and handled as an accelerated claim settlement because the County liability is clear and damages are undisputed and minor (see Exhibit 7, ***Accelerated Claims Settlement Program***).
- 3. **CLAIMS ADMINISTRATION** - Upon receipt of a claim or lawsuit, or an incident report indicating County liability and meriting the opening of a case file, the Contractor shall take appropriate action to protect the County's interest. This action shall consist of opening a case file, conducting a timely and thorough investigation, preparing required reports and forms, establishing and maintaining adequate case file reserve estimates, and keeping informed or advising the County Contract Administrator, County Counsel and involved department(s) on the action to take to resolve the pending matter.
  - 3.1 **Investigations** - Thorough and timely investigations shall be conducted timely and in accordance with the following guidelines:
    - 3.1.1 The Contractor's investigation activities shall include:
      - A. Securing and reviewing department's internal investigation reports and/or other relevant documents;

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- B. Conducting other investigations as found necessary including obtaining statements, making an on-scene inspection, securing evidence and photographs, and obtaining relevant police and other reports and documents;
- C. Assessing the appropriateness and reasonableness of damage or claimed amounts, and evaluating the County's potential liability exposure; and
- D. Assessing physical injuries or damages, including evaluation of medical treatment and expenses, and physical damage repair or replacement costs.

3.1.2 Investigation of an incident that involves a severe injury shall be initiated by the Contractor within twenty-four (24) hours after the Contractor is notified of the incident. Within ninety (90) calendar days, the investigation should be substantially completed and the County shall be advised of the action taken.

In all other circumstances, the Contractor's Investigation shall be completed within thirty (30) days after the Contractor is notified. Investigations should be consistent with the severity and value of the occurrence and the loss incurred, and the County should be advised of the action to be taken.

3.1.3 For incidents or claims involving minor injury or property damage for which the County is liable, the Contractor must contact potential claimants to verify damage/injury amount and determine if an expedited resolution should be initiated under the County's ***Accelerated Claims Settlement Program, Exhibit 7.***

3.1.4 Review and update case file reserves on pending claims in accordance with the County's ***Case Reserve Policy, Exhibit 4,*** including the necessary management controls to ensure ongoing implementation of the reserve review process, including provision of the necessary information and appropriate reports.

3.2 **Reserves** - The Contractor shall use the County's Risk Management

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Information to establish, update, and maintain case file reserves (indemnity and expenses), and will set initial reserves within ten (10) working days after the date the Case File is set-up by the Contractor. The Contractor will include the necessary management controls to insure review and maintenance of Case File reserves including reporting and data collection.

The Contractor's Case File reserve policy will comply with the provisions of Exhibit 4, ***County's Cash Reserve Policy***.

- 3.3 **Response to Claims** - In addition to the Contractor's investigation of the facts upon which the claim is based, the Contractor shall, on the County's behalf, take the following actions where appropriate:
- 3.3.1 Deny claims in writing that have not been filed within the statutorily required time.
  - 3.3.2 Deny claims on or before the date a denial is required or permitted by law, if in the exercise of reasonably prudent judgment and after a review of all pertinent information, there is no basis of liability against the County or its employees.
  - 3.3.3 Deny claims after reasonable efforts to obtain necessary additional information clarifying or substantiating issues of liability or damage from the claimant or departments are unsuccessful.
  - 3.3.4 For each claim not submitted in accordance with legal statutory filing requirements, the Contractor shall, on the County's behalf, notify the claimant or third-party of the specific insufficiency. The Contractor shall deny all claims where claimant or third party has failed to remedy the noted insufficiencies.
  - 3.3.5 Reject all Applications for Leave to Present Late Claim unless the untimeliness of filing a claim clearly falls within Government Code Sections 911.4 and 911.6. In these cases, the Contractor shall advise and obtain County Counsel's written approval to accept a late claim.
  - 3.3.6 The Contractor shall forward Petitions for Relief from the requirements of Government Code Sections 911.4 and 911.6 to a member of the Defense Panel, as directed by County Counsel. The Contractor shall

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assist defense counsel in opposing the petitions filed.

3.3.7 The Contractor shall have the authority to settle any claim or lawsuit in an amount not to exceed \$10,000. At its sole option, the County reserves the right to increase or decrease the settlement authority limits in the negotiated contract at any time. See also **Settlement Authority**, Section 8.

4. **INCIDENT, CLAIMS, LAWSUIT PROCEDURES MANUAL** -Within three (3) months following contract award, the Contractor shall submit and maintain an operations manual of procedures to the County for evaluation. The operations manual is subject to amendment and approval by County Risk Management, and should include, but not be limited to, the following information:
- 4.1 The Contractor's philosophy, policies and procedures to be followed in handling incidents, claims, and lawsuits;
  - 4.2 Procedures for receiving and reporting incidents, claims, and lawsuits between the Contractor and the County;
  - 4.3 Procedures and standards that the Contractor will use to review and approve legal defense fees, and allocated expenses, including auditing of billings;
  - 4.4 Procedures for documenting, monitoring, and auditing financial transactions;
  - 4.5 Procedures regulating the completion and submission of required reports to the County;
  - 4.6 Procedures for submitting recommendations requesting settlement authority from the County's Contract Administrator;
  - 4.7 Procedures for administration and management of Trust Fund, including requesting replenishment to the Bank Account; and
  - 4.8 Procedures for identifying, quantifying, and incorporating risk management/loss prevention issues and training into the administration of incidents/claims/lawsuits.
  - 4.9 The Contractor's Procedure Manual will be provided to the County Contract

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Administrator, and County Counsel, and be utilized by Contractor's claims staff handling County claims.

- 4.10 The Contractor will periodically review procedures and practices with the County Contract Administrator or his/her designee to insure that the services provided are in compliance with County's requirements and sound claims administration practices. The Contractor will implement improvements as needed to increase productivity and enhance the quality and the performance of claims administration services
5. **LITIGATION MANAGEMENT** - If resolution cannot be made without litigation, then the Contractor, under the general supervision of County Risk Management and County Counsel, has the responsibility for monitoring and reporting on the performance of the County's defense attorneys. County Counsel, or a designated Legal Defense Panel Member, provides legal services for all County liability claims and lawsuits. A sample copy of the County's ***Professional Legal Services Agreement*** is included in Exhibit 14. County Counsel is responsible for administering those agreements and retains final authority on all legal matters pertaining to those agreements. In addition, County Risk Manager and County Counsel shall have responsibility for the overall management of legal defense services which shall include but not be limited to the addition or deletion of legal defense panel members, the assignment of litigation to the defense panel, review and approval of litigation strategy, legal defense panel firms' billings, and advisement on legal issues as may be requested.

In accordance with best practices, subject to prior approval by County Risk Management, and within the County's contract requirements, the Contractor's litigation management responsibilities include the following:

- 5.1 Upon receipt of a lawsuit, the Contractor shall submit to County Risk Management and County Counsel, Contractor's recommendation of the Defense Panel Member to whom the case should be assigned. Contractor's recommendations shall be based on the facts of the individual case and the particular expertise and availability of Defense Counsel. The County shall be deemed to have approved Contractor's recommendation unless the County instructs the Contractor to the contrary within five (5) business days after receipt of notice. The Contractor shall assign the case in accordance with specific instructions of the County. The County reserves the right to assign or reassign the case to any Defense Panel Member or law firm of its choice,

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at any time.

- 5.2 Within ninety (90) days after the assignment of a case to a Defense Panel Member, the Contractor shall secure, approve and submit to County Counsel and the involved County department(s) a Case Evaluation and Plan (CEP) prepared in accordance with Section 11.2.1. Within thirty (30) days following receipt of CEP, County Counsel will approve or direct changes to be incorporated into the CEP and assign a priority level and reporting schedule.
- 5.3 The Contractor shall supervise the defense of suits assigned to Defense Panel Members. The Contractor shall monitor the investigation, expenditures and defense of the litigation to ensure that the assigned Legal Defense Panel member adheres to the Case Evaluation and Plan (CEP). The Contractor will continue to perform necessary and requested investigations.
- 5.4 For each case assigned to a member of Defense Panel, the Contractor shall obtain and evaluate the reports described in Section 11.2.
- 5.5 The Contractor shall supervise and/or conduct case litigation management, settlement negotiations and trial activities of the Defense Panel members to minimize settlements, trial costs, and achieve favorable trial results.
- 5.6 The Contractor has the responsibility, under the general supervision of County Risk Management or County Counsel, to monitor, audit, and approve all bills for attorney services and all other legal expenses. The Contractor shall establish procedures and standards to be approved by the County for auditing attorney billings for accuracy and consistency.
  - 5.6.1 Billings for legal services must accurately and sufficiently identify the services provided, name of person and law firm providing the services, date and length of time services were provided, case file, billing rates and hours worked.
- 5.7 **Round Table Meetings** - Approximately six (6) months after assignment of a case to a Defense Panel member, a Round Table Meeting, chaired by County Counsel, may be held at the Department Facility. Round Table Meetings for auto liability cases will only be held when required by County Counsel. Round Tables for all other types of cases may be waived at the



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discretion of County Counsel.

The purpose of the Round Table Meeting is to assist in the development of an accurate evaluation of the facts, the medical and legal theories, litigation strategy, potential risk management/loss prevention issues, and possible corrective action. Round Tables are only one of many tools to be utilized by the Contractor to continually search for an accurate understanding of all the circumstances surrounding an event, to enable the Contractor to assess and communicate to others the level of exposure to the County.

The Contractor will meet with County Risk Management, County Counsel and Department Liaison at least quarterly for purposes of the Contractor advising the County of those assigned cases which, based on the time of assignment and the anticipated status of discovery of facts, are candidates for a Round Table Meeting. This "pre-Round Table Meeting" will also serve as a file review meeting, and the Contractor will be prepared to give a brief summary of each case. The Department Liaisons will make available for the Round Table Meeting department staff to assist in a complete examination of the event underlying the lawsuit. The Contractor will be encouraged to make recommendations as to those County personnel whom the Contractor and Defense Panel Member believe might contribute to this information exchange process. Based on this pre-Round Table Meeting, the County will determine which cases should be Round Table, and the County will provide the Contractor with a date for each. The Contractor will be required to give notice to Risk Management Manager, County Counsel, Department Liaisons, Department Facility Liaisons, and others as directed by County Counsel of each Round Table Meeting as scheduled by the County.

Each Round Table Meeting is to include County Risk Management, County Counsel, Department Liaison, assigned Defense Panel Member(s), involved Contractor staff. The County will provide those designated County personnel and staff, as determined by the County and/or recommended by the Contractor, who might contribute to this information exchange process. Subsequent Round Table Meetings may be scheduled as needed or as requested depending on the complexity of the case, the status of discovery, and the need to develop additional facts. County Counsel will be the final authority of the scheduling of Round Table Meetings.

Contractor's staff who attend these meetings will be asked to present a legal

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analysis of the event, and will participate as part of the team to find the best resolution of the case for the County.

5.7.1 Prior to Round Table Meetings the Contractor will:

- A. Talk to Defense Panel Member(s) to determine the current status of the lawsuit, and request that a Defense Counsel Evaluation (DCE) be prepared setting forth the facts and the legal and medical theories of liability.
- B. Insure that copies of all pertinent records, film studies, photographs, and other appropriate documentary evidence will be available at the Round Table Meeting.
- C. Advise Legal Defense Panel Member(s) to provide an updated Timeline that supports the facts, contentions, legal analysis, conclusions, and, where applicable, the factors for settlement contained in the Defense Panel Member's DCE. Timelines will be prepared by Contractor and Legal Defense Panel Member(s) using **CaseMap**, or other technologically comparable software approved by County Counsel. Such Timelines for auto liability cases will only be required when requested by County Counsel. Timelines for all other types of cases may be waived at the discretion of County Counsel.

For **CaseMap** format see website (see [www.casesoft.com/casemap.shtml](http://www.casesoft.com/casemap.shtml).)

- 5.8 **Writs and Appeals** - The Contractor shall recommend to County Counsel those matters where the filing of a Writ or an Appeal is deemed appropriate. The Contractor's recommendation shall identify a Defense Panel Member to execute the Writ or Appeal. For Writs, County Counsel shall advise the Contractor within five (5) working days after receipt whether the Writ should be filed and by which member of the Defense Panel. County Counsel will respond to the Contractor within ten (10) working days on matters of Appeals, otherwise the Contractor may deem to have County Counsel's approval.

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6. **SUBROGATION** - The Contractor shall be responsible for the identification, evaluation, administration, resolution, collection and deposit with the County of all County property damage subrogation. It is preferred that the subrogation be domiciled in the same office as the liability personnel. Allocated loss expenses are to be charged against the subrogation file. The Contractor responsibilities shall include but are not limited to the following:
- 6.1 Provide experienced and qualified staff and clerical/support personnel for the subrogation of damage to County vehicles and employee vehicles determined to be covered through the investigation process.
  - 6.2 Develop, implement and comply with County policy and criteria for identifying incidents and liability claims for subrogation recovery (see **Vehicle Accident Subrogation Process**, Exhibit 8).
  - 6.3 Develop, maintain and comply with a procedures manual to ensure subrogation is conducted in a timely and cost effective manner and subrogation recoveries are maximized. Including (when appropriate) notifying County's Chief of Disability Management of subrogation, so the County can pursue Workers' Compensation subrogation.
  - 6.4 Obtain information and documents (i.e. incident, police, medical and other reports, repair estimates, claim status) relevant to subrogation efforts.
  - 6.5 Conduct subrogation including preparing correspondence to effect collection, collect payments from the responsible parties/insurance company and credit case file when a subrogation recovery is received.
  - 6.6 Maintain and provide, as required by County, statistical and financial reports on subrogation conducted, recoveries received and costs of subrogation services.
  - 6.7 Submit litigation request to County Counsel when it is cost effective or to County's benefit to litigate and provide reports required by the County on litigation efforts and costs.
  - 6.8 Advise and work with County staff to resolve any operational difficulties.

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7. **INDEMNIFICATION OR HOLD HARMLESS AGREEMENTS** - The Contractor shall be responsible for the identification, evaluation and administration of Hold Harmless Agreements which provide indemnification for the County by other parties.
- 7.1 The Contractor will follow up on Hold Harmless Agreements when they are identified on the incident report.
- 7.2 The Contractor will investigate the existence of Hold Harmless Agreements when there is potential such an agreement may exist.
- 7.3 The Contractor's claims procedure manual will address the importance of this avenue of recovery.
- 7.4 The Contractor shall tender and aggressively pursue the defense and indemnification of the County from third party where hold harmless agreements exist.
8. **SETTLEMENT AUTHORITY** - The Contractor shall have authority to settle any claim or lawsuit for \$10,000 or less per claimant, if such settlement is deemed by the Contractor to be in the County's best interest. Settlements under this authority must comply with settlement authority procedures established by the Contractor and approved by the County.
- 8.1 The Contractor will insure that all structured settlements offered as part of a negotiated settlement are offered in relation to a fixed dollar amount.
- 8.2 The Contractor will advise the County on a monthly basis or as requested of all settlements made under this authority. The County reserves the right to reject or modify any settlements up to the date settlement is accepted by plaintiffs or their attorneys.
- 8.3 Proposed settlements over the Contractor's authorized limit shall be submitted to the County Risk Management and County Counsel for approval and concurrence of the involved department(s). The County may approve proposed settlements, deny authority requested, approve settlements in a sum or manner other than requested or instruct that the matter proceed to trial. The County may direct the Contractor, or the assigned Defense Panel

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member to accomplish additional tasks and re-submit a revised settlement proposal.

The Contractor shall, under the general direction of the County Risk Management, arrange and purchase annuity policies for payment of structured settlements in accordance with County established guidelines (see ***Structured Settlement Program Guidelines, Exhibit 5***). The annuity premium shall be considered a settlement cost to be paid from the bank account, (see ***Financial and Related Administrative Services Management, Statement of Work, Section 12.***)

9. **LIENS AND ENCUMBRANCES** - The Contractor will be responsible for verifying and reporting to County Risk Management the existence of all liens and encumbrances against a settlement or proposed settlement of a litigated matter, and asserting all appropriate defenses to any such liens and encumbrances. The Contractor will be authorized to negotiate such liens and encumbrances, and will be responsible for protecting the County's interests by insuring that all such liens and encumbrances are satisfied, or will be satisfied, either by plaintiff/claimant, outside third parties, compromise and release by the lien holder, or by the stated terms and conditions of the settlement or proposed settlement.
10. **STRUCTURED SETTLEMENTS** - The Contractor will insure that all structured settlements offered as part of a negotiated settlement are offered in relation to a fixed dollar amount. Under the general supervision of the County Contract Administrator, the Contractor will:
  - 10.1.1 Arrange and purchase annuity policies for payment of structured settlements in accordance with County established guidelines (see ***Structured Settlement Program Guidelines, Exhibit 5***). The annuity premium will be considered a settlement cost to be paid from the bank account (see ***Financial and Related Administrative Services Management, Section 12.***)
11. **MANDATORY REPORTING** - The Contractor will be responsible for preparing, obtaining, reviewing, and providing the following reports.
  - 11.1 **Contractor's Reports**: The Contractor shall provide a variety of periodic reports to enable analysis and monitoring of incidents, claims, frequency, severity, location, claim activity trends, lawsuit settlements, allocated costs,

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reserve aging, litigation defense activity, legal fees and costs, and disposition of suits. The reports will be provided through the County's Risk Management Information System (RMIS) (see Exhibit 11, ***RiskVisionNet™ Risk Management Information System***) or when necessary prepared manually by Contractor's staff. (See Exhibit 12, ***List of Contractor Reports***.)

- 11.1.1 **Management Summary Reports** - These reports will summarize financial, claims, legal defense related risk management activities, as requested by the County Contract Administrator. These reports shall be used by the County Contract Administrator to monitor contract costs and service performance, and shall include but not be limited to reports such as a *Claims Filed and Closed Report* (a listing of open closed claims, name of claimant, County department, cause of loss, date reported, date claim filed, litigation status, indemnity and expense payment amounts, outstanding indemnity and expense reserves, and total incurred costs to date.
  - 11.1.2 **Financial Administration Reports** - These reports list reserve amounts, indemnity payments, allocated expenses, and other expenditures on an individual and cumulative total basis. This information must be available on an accrual and cash payment basis. Information should be categorized by fund, budget unit, department, and auto or general liability. Reports will be used to perform monthly reconciliations, enable cash flow
  - 11.1.3 **Risk Management Reports** - These reports shall provide information relating to loss frequency and severity, and accident types, causes, and trends to assist in identifying and treating County risk exposures.
  - 11.1.4 **Ad Hoc Reports** - The Contractor will be required to provide such other reports on an ad hoc basis. Ad hoc reports are those reports generated at the request of the County Contract Administrator, or County Counsel.
- 11.2 **Monitoring of Legal Defense Panel Reports** - The Contractor will obtain

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and evaluate the following reports for each lawsuit assigned to a Defense Panel Member:

- 11.2.1 **Case Evaluation and Plan (CEP)** - Within thirty (30) calendar days after an case has been assigned to Defense Panel Member, the Defense Panel Member is required to submit to Contractor an initial Case Evaluation and Plan. The Case Evaluation and Plan is a confidential and independent evaluation of the case and serves as a basis for controlling litigation costs and documenting County's legal position, strategy, and status. It is based on the Defense Panel Member's evaluation of the pleadings, discovery, reports, other documents, and examination of physical evidence (if any), and on other matters as deemed appropriate and necessary.
- A. The Contractor will review and submit the Case Evaluation and Plan to the County within ninety (90) calendar days after assignment of the case to a Defense Panel Member. In exceptional circumstances and with the County's prior approval, the Contractor may submit it within one hundred twenty (120) calendar days after assignment of the case to a Defense Panel Member.
- (1) Case Evaluation Plans which do not require a reserve of \$100,000 or more for which the fees and expenses are not expected to exceed \$50,000 will be submitted for approval by the Contractor, who will notify the County of its approval.
- (2) Case Evaluations and Plans in which the reserve is \$100,000 or more, or for which the fees and expenses are expected to be \$50,000 or more, the Contractor will submit with Contractor's recommendations to the County for County's approval.
- (3) A previously Contractor-approved Case Evaluation and Plan, that is amended to increase the reserve to \$100,000 or more, or the fees and expenses to \$50,000 or more, the Contractor shall submit to County Risk Management and County Counsel for final review and approval.

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- (4) In the event the Contractor and Defense Panel Member cannot agree on a Case Evaluation and Plan in which the reserve is expected to be less than \$100,000 with fees and expenses that are expected to be less than \$50,000, the Contractor will submit the Case Evaluation and Plan of the Defense Panel Member with Contractor's comments and recommendations to County Risk Management and County Counsel.

Within 30 days after receipt, the County shall approve or recommend changes to the Case Evaluation and Plan or reassign the case to another Defense Panel Member.

B. The Case Evaluation and Plan shall include, but not be limited to:

- (1) Statement of known facts and identified legal issues, including opposing attorney's name and firm.
- (2) Statement of precedent-setting or sensitive issues, if applicable.
- (3) Statement of injuries and damages.
- (4) Statement of liability exposure and listing of witnesses.
- (5) Recommendation(s) on case strategy, including settlement, discovery, motions, extent of legal research, consultants and witnesses or experts to be retained and extent of expert work to be performed.
- (6) An initial cost estimate based on the Defense Panel Member's projection of the costs it can reasonably anticipate incurring. Total cost shall be budgeted on a County fiscal year basis, and shall include, but not be limited to:
  - a. Attorney fees - detailing staffing levels, hourly rates, and estimated number of hours for each partner, associate, and paralegal.



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- b. Consultant and expert witness rates and estimated number of hours each will be needed.
    - c. Deposition and transcript expenses and other miscellaneous expenses.
    - d. Fees and expenses for handling the case through each of the applicable stages; pleadings, discovery, pretrial conference, arbitration, trial, any other identified stages.
  - C. The Contractor will monitor the investigation, expenditures and defense of the litigation to insure that the assigned Legal Defense Panel member adheres to the Case Evaluation and Plan (CEP).
- 11.2.2 **Case Status Reports and Status Update Reports** - A Case Status Report is a summary of all significant actions and developments in the case(s) since the submission of the Case Evaluation and Plan (CEP). Status Update Reports will summarize all significant actions and developments in the case since the CEP or last status report, as applicable.
- A. The Contractor will provide to the County the Case Status Reports, and Status Update Reports at a determined reporting frequency consistent with the ***County's Priority Rating System, Exhibit 10***, or as designated by County Risk Management or County Counsel.
  - B. Case Status Reports shall include, but not be limited to, a summary of the following actions:
    - (1) Status of discovery and investigation
    - (2) Status of expert witness and consultant investigations
    - (3) Changes in the case strategy
    - (4) Results of motions
    - (5) Changes in County's exposure/liability
    - (6) Percentage of the total Initial Cost Estimate expended to date
    - (7) Developments impacting previously approved budget
    - (8) Results of all settlement negotiations.
    - (9) Changes in opposition's legal representation

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(10) Actions planned or scheduled during the next reporting period

### **12. FINANCIAL AND RELATED ADMINISTRATIVE SERVICES MANAGEMENT -**

The Contractor shall provide a full range of financial and related administrative services to insure that all funds entrusted to the Contractor are managed in accordance with generally recognized accounting practices and County fiscal requirements. The Contractor also shall provide, necessary support in development of County's liability claims administration budget. This includes but will not be limited to the following:

**12.1 Bank Account** - The County shall establish a checking account at a bank of the County's choice to exclusively pay for authorized indemnity, legal defense fees, and Allocated Expenses associated with auto and general liability.

The Contractor shall comply with all banking regulations and requirements, including the completion of all applicable bank documents and signature cards. The Contractor shall be responsible for ordering, issuing payment for check stock, deposit slips, and endorsement stamps. The format of all check stock deposit slips and endorsement stamps must comply with bank and County rules and regulations. All funds and transactions will also be governed according to bank and County rules and regulations, or instructions issued by the County Contract Administrator. At County's option, the account shall be subject to audit by personnel or authorized representatives of the County.

**12.1.1 Disbursements** - The Contractor shall be responsible for issuing authorized payments for legal defense fees and Allocated Expenses, and indemnity on settlements or judgments authorized by the County. Legal defense fees and Allocated Expenses shall be processed on a quarterly basis.

A. The Contractor shall immediately report to the County Contract Administrator any alleged, suspected or known incident involving any forged checks, forged endorsements, or counterfeit items. The Contractor shall be liable for any loss to the County resulting from the Contractor's failing to report such an incident within fifteen (15) calendar days after discovery of such incident.

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- B. The Contractor is prohibited from issuing any payments relating to Contractor's fees from the Bank Account.

12.1.2 **Replenishment** - The County shall advance funds for deposit into the Bank Account. The Contractor will periodically submit an invoice requesting funds from the County to replenish the account. All requests for replenishment will be sent to the County Contract Administrator with a listing of the payments for which replenishment is being requested. Upon approval by the County Contract Administrator, replenishment payment will be issued by the County within ten (10) business days. The replenishment invoice must include an itemization of:

- A. Case name,
- B. Type and amount of payment,
- C. Budget unit, and
- D. Total of funds request

12.1.3 **Month End Accounting Report** - The Contractor shall complete a monthly reconciliation and submit it to the County Contract Administrator no later than fourteen (14) calendar days after receipt of each month's bank statement. The reconciliation shall include, but not be limited to the following elements contained in the Month End Accounting Report includes the following information:

- A. Bank statement for the month that itemizes account's transactions and bank charges.
- B. Reconciliation statement reconciling contractor's fund balance with bank's statement.
- C. Copy of all checks issued for the month including all stop payments, voided and stale-dated checks.
- D. Monthly account summary providing number of checks issued, gross and net amount issued, total replenishment amount

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requested, and any adjustment or correction of prior transactions.

- E. A detailed listing of payments issued during the month identifying Case File, amount paid, date and type of payment, payee and date of occurrence, categorized by fund account.

12.2 **County Audits of TPA Financials and Performance** - The Contractor's staff shall cooperate fully with all County audits. Financial, performance and related audits may be performed by the County Contract Administrator or its designee, and by the County's Chief Administrative Officer or its designee and may be conducted by outside auditing services at the County's sole direction. Such audits shall be scheduled at a frequency determined by the County.

13. **INFORMATION MANAGEMENT** - The Contractor shall maintain program information necessary to meet the requirements of this contract. The majority of the needed information will be available through the use of the County's Risk Management Information System (RMIS). The Contractor shall use the County's RMIS for the risk management and claims administration information management services required under this Contract. See Exhibit 11, ***RiskVisionNET™ Risk Management Information System***, that describes the system requirements, and also see Exhibit 12, ***Contractor Reports***.

13.1 **Equipment** - The Contractor will need at least a ½ T1 link between the Contractor and the County for the RMIS connection. The Contractor shall maintain and/or upgrade the required PC configurations, software and hardware, to keep up with industry standards and to maintain compatibility with the County's RMIS. The upgrade of hardware and/or software will be as determined by the County or the Contractor.

13.2 **System Security** - The County Risk Management Information System (RMIS) equipment will be housed at the Contractor's facility. The Contractor will provide access to the County for necessary installation and repair of RMIS equipment. The Contractor shall also meet any additional security measures as required by the County. The Contractor's security measures must be approved by the County.

13.3 **System Data Maintenance** - The Contractor shall, on a daily basis,

## **AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT**

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accurately input, update, and maintain all data fields on the County's RMIS system for all cases administered by the Contractor. The Contractor shall provide a Local Area Network (LAN) that will be required to be connected to the County's Wide Area Network (WAN) via a dedicated frame relay line. All costs associated with the transition to and implementation of the County's new system shall be the responsibility of the Contractor. The Contractor shall be responsible for system security as required by the County.

13.4 **RMIS Training** - The County shall furnish necessary RMIS system instructional material and security information, and shall provide initial RMIS system training to the Contractor's staff. Follow-up training will be provided by the County to the Contractor's key information system staff. These key information system staff will provide training as needed to insure the Contractor's staff is proficient with the RMIS system.

13.5 **RMIS Maintenance, Repair, and Replacement** - The County shall provide maintenance, repair and/or replacement of the County RMIS equipment. The Contractor shall be responsible for damage to RMIS system equipment, other than that caused by normal wear and tear, as determined by the County. The Contractor shall maintain insurance for the full replacement value of RMIS equipment as specified in ***Insurance***, Section 36.

### 14. **EDUCATION AND RISK MANAGEMENT/LOSS PREVENTION PROGRAMS**

14.1 **Education for County Staff** - The Contractor shall, as directed by the County Contract Administrator, initiate and maintain ongoing educational and loss prevention programs, furnish seminars and training sessions for the benefit of County personnel concerning claims and risk control issues, participate in County Risk Control Committees when requested by the County Contract Administrator, and submit risk management information to the County Contract Administrator to enable implementation of practical and effective loss prevention programs to reduce the County's future liability costs.

14.1.1 The Contractor will provide an education/training/resource component to promote the prevention, reporting and management of adverse events to include:

## **AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT**

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- A. Assisting in evaluating incident, claims, and lawsuit data to identify statistical trends discovered through ongoing Contractor investigations, Round Table Meetings, and department/facility interaction;
- B. Discussing the Contractor's evaluations with Department Liaisons, and incorporating the results of these discussions into ongoing educational presentations.
- C. Providing online educational resources. The Contractor should provide written materials, resources and web-links regarding risk management/loss prevention to County Department Liaisons.
- D. Providing consultation to Department Liaisons to recommend development of needed policy, procedures or processes in order to prevent, mitigate, or respond to adverse events.

- 14.2 **Continuing Education for TPA Staff** - The Contractor will be expected to provide ongoing claims administration training to the Contractor's staff to insure its staff are knowledgeable concerning relevant developments in liability risk management and industry claims administration practices.

In-service education capabilities should be specifically outlined by contractors with special attention to incident evaluation, new employee orientation, employment related liability, establishment and adjustment of reserves, claims investigation, and other significant program issues.

### **15. CONTRACTOR'S PERSONNEL**

- 15.1 **Program Managers** - The Contractor shall designate a Contract Manager and a Claims Manager. These managers shall be full-time employees of the Contractor, and replacement of these managers shall be subject to prior written approval by the County's Contract Administrator.

- 15.1.1 **Contract Manager**: The Contract Manager shall have overall responsibility for the performance of contractor's activities under this contract and shall be authorized to act for and bind the Contractor in all matters relating to the administrative aspects of

## **AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT**

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this contract, including any amendments.

15.1.2 Claims Manager: The Claims Manager shall be exclusively dedicated to the daily administration and supervision of contractor's activities under this contract and will have a minimum of ten (10) years auto liability/general liability claims work experience, with a minimum of five (5) years public entity auto liability/general liability claims work experience.

15.2 Information Systems Manager: Information Systems Manager shall have a minimum of five (5) years experience in computer design, programming, implementation and maintenance. This manager will be expected to provide support during implementation of the County's RMIS at the Contractor's facility, attend meetings related to the RMIS, and will be responsible for ensuring:

- A. Contractor's staff are trained in the use of and security of the County's RMIS and the Contractor's Local Area Network (LAN).
- B. Trained staff are available during County business hours to:
  - (1) attend the County provided RMIS meetings and update training sessions;
  - (2) process ad hoc report requests from the County Contract Administrator, County Counsel, or Department Liaisons;
  - (3) run regular reports and distribute them timely to County departments/staff as directed by the County Contract Administrator.

15.3 Claims Staff - The Contractor shall provide claims staff dedicated solely to administer and manage incidents, claims, and lawsuits filed against the County. To avoid any potential conflict of interest, these staff shall not administer or manage any incidents, claims, or lawsuits on behalf of any client other than the County. Failure to comply with this requirement shall constitute a material breach of contract upon which the County may immediately terminate or suspend this Contract.

## **AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT**

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The Contractor's staff shall at a minimum consist of two (2) Supervising Claims Specialists, four (4) Auto Liability Claims Specialists, four (4) General Liability Claims Specialists, support staff and a subrogation unit.

15.3.1 **Supervising Claims Specialist** shall have a minimum of five (5) years auto liability/general liability claims experience. They shall have additional responsibility to review and approve all case file reserves and settlements and oversee the claims administration and legal defense management efforts of claims staff under their supervision. A Supervising Claims Specialist shall have an individual maximum caseload of no more than 100 case files, and supervise no more than four (4) Claims Specialists.

15.3.2 **Claims Specialist** shall have a minimum of three (3) years claims work experience. They will administer incidents and claims and manage legal defense of lawsuits. Claims Specialists will attend settlement conferences and meetings as directed by the Supervising Claims Specialist. Each Claims Specialist shall have a maximum caseload of 250 case files.

15.4 **Contractor's Support Staff** - The Contractor shall provide qualified and experienced clerical and other support personnel to insure:

15.4.1 Daily pick-up and deliveries between the County Contract Administrator, County Counsel and the Contractor.

15.4.2 Proper matching and distribution of mail to appropriate claims personnel within twenty-four (24) hours after receipt by the Contractor,

15.4.3 Completion of processing and mailing of correspondence, forms, and legal notices within forty-eight (48) hours of assignment or receipt;

15.4.4 Accurate and complete entry of incident reports, not entered into County's Risk Management Information System (RMIS) by the County. Such entries are to be entered within twenty-four (24) hours after receipt by the Contractor; and



## **AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT**

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15.4.5 Provision of notice of Round Table Meetings.

### **16. CONTRACTOR AVAILABILITY**

16.1 The Contractor shall have one (1) claims staff who is accessible twenty-four (24) hours a day, to the County Contract Administrator and/or other County staff, for emergency consultation and immediate reporting of major and severe injury incidents. The Contract Manager or the Claims Manager shall be immediately available to the designated claims staff for consultation.

16.2 The Contractor shall maintain office hours from 8:00 a.m. to 5:00 p.m., Monday through Friday, excluding County holidays.

### **17. COUNTY'S PERSONNEL**

17.1 **County's Contract Administrator** - The County's Contract Administrator for this contract shall be Chief of Risk Management Operations in the Los Angeles County's Chief Administrative Office, or his duly authorized designee. Except as otherwise required herein, the County's Contract Administrator shall:

17.1.1 Have full authority to monitor the Contractor's performance in the daily operation of this contract.

17.1.2 Provide direction to the Contractor in areas relating to claim and litigation management policy, information, and procedural requirements.

17.1.3 In the event of a dispute between the County Contract Administrator and the Contractor regarding substantive questions of policy and procedures, the County Contract Administrator's interpretation shall prevail including without limitation, interpretation of Federal, State and local laws, civil procedures, legal process, court rules and administrative regulations.

17.1.4 The County will inform the Contractor of the name, address, and

## **AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT**

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telephone number of the County Contract Administrator, in writing, at the time this contract is awarded, and at any time, thereafter, a change of County Contract Administrator is made.

- 17.1.5 Not be authorized to make any changes in the ***Standard Terms and Conditions*** of the contract nor to obligate the County in any way whatsoever.
- 17.1.6 Meet at least quarterly with the Contractor's Program Manager(s) to review claim and litigation management, contract performance issues and other items of concern to the County's program. At the option of County Contract Administrator, meetings may be scheduled monthly at the office of the County Contract Administrator or other site designated by the County Contract Administrator.
- 17.1.7 Except as otherwise provided herein, all work performed by contractor under this contract shall be subject to approval by the County Contract Administrator.
- 17.2 **County Counsel Liaison** - The County Counsel Liaison for this contract shall be an attorney from the Office of the County Counsel's General Litigation Division. County Counsel shall have collaborative responsibility with the County Risk Manager for the overall management of legal defense services, which shall include, but not be limited to, the addition or deletion of Legal Defense Panel members, the assignment of litigation to the defense panel, review and approval of litigation strategy, Legal Defense Panel firms' billings, and advice on legal issues as may be requested, by the Contractor.
- 17.3 **Quality Assurance Evaluator (QAE)** - County will designate one (1) or more persons who will act as a Quality Assurance Evaluator(s) for the County on all services, requirements, and deliverables pertinent to the Contract and monitor the Contractor's performance using procedures that may be necessary to ascertain that the Contractor is in compliance with this Contract. The County will inform the Contractor of the name, address, and telephone number of the QAE, in writing, at the time this Contract is awarded, and at any time, thereafter, a change of QAE is made.

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The QAE and the County Contract Administrator may be the same person. The QAE is not authorized to make any changes in the terms and conditions of this Contract nor to obligate the County in any way whatsoever.

- 17.4 **Department Liaisons** - One or more persons will be designated by each County department to work with the County Contract Administrator, the Quality Assurance Evaluator and the Contractor. There are approximately sixty-eight (68) Departmental Liaisons who will be responsible for:

- 17.4.1 Insuring required department documents are provided to the Contractor;
- 17.4.2 Discussing allegations, incidents, and lawsuits with the Contractor as needed, including attending Round Table Meetings;
- 17.4.3 Providing concurrence of the factors of settlement for settlements for their department; and
- 17.4.4 Providing input to the County Contract Administrator on the Contractor's performance.

18. **COUNTY FURNISHED ITEMS** - County Contract Administrator will provide necessary program orientation for key Contractor personnel, prior to the start date of the contract. Contractor shall not be reimbursed for any expenses during orientation.

The County shall provide the County's Risk Management Information System (RMIS), as stated in Section 13 **Information Management**.

19. **CONTRACTOR FURNISHED ITEMS** - The Contractor shall provide all staff, facilities, materials, and equipment necessary to provide services required under this contract, except as stated in ***County Furnished Items***, Section 18.

- 19.1 The Contractor shall provide training materials, supplies, and support equipment necessary to perform all services required by this Statement of Work and adhere to all requirements imposed on Contractor by the contract, except as provided by the County under Section 18, **County Furnished Items**. The Contractor shall also provide other office-related items such as

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personal computers, printers and monitors, fax machines, photocopy machines, video tape players (VHS) and monitors, and other program-related items, as required by the County, due to program changes.

- 19.2 The Contractor shall provide adequate workspace including RMIS access and e-mail, telephone service, and free parking for one County monitor, as necessary for required program auditing or monitoring.
- 19.3 The Contractor shall provide **CaseMap**, or other technologically comparable software approved by County Counsel, for the Claims Manager, each Supervising Claims Specialist and each Claims Specialist. The software is to be used by the Contractor's Claims staff to initiate Timelines for auto liability cases only when required by County Counsel. Timelines for all other types of cases may be waived at the discretion of County Counsel. Timelines. Defense Panel Members currently are using **CaseMap** (see [www.casesoft.com/casemap.shtml](http://www.casesoft.com/casemap.shtml).)
20. **CONTRACTOR REPORTS** - Reports programmed into the County's RMIS will be generated and provided by e-mail to RMIS system users by the County's RMIS service provider. The Contractor shall provide other periodic reports required by County Contract Administrator and the Chief Administrative Officer or his designee to enable analysis and monitoring of incidents, claims, frequency, severity, funding/department, cause, fiscal status, law firm activity, location, claim activity trends, lawsuit settlements, allocated costs, reserve aging, litigation defense activity, legal fees and costs, and disposition of suits. Report that the Contractor will provide are reports shown in Exhibit 12, **Contractor Reports**.
21. **ADMINISTRATIVE SERVICES**
- 21.1 **Physical Security** - The Contractor shall be responsible for safeguarding all County property provided for the Contractor's use. At the close of each workday, checks and check stock, cases, files, supplies, equipment and computer access shall be secured.
- 21.2 **Employee Records** - The Contractor shall keep current and accurate records of all its employees providing services under this contract. Such records shall include **Contractor Employee Acknowledgment and Confidentiality Agreement**, date of employment, current address, phone

## **AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT**

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number, current salary and required licensing background pertinent to the provision of this Contract.

- 21.3 **Record Retention** - All allegations and Case Files will be retained for a minimum of five (5) years beyond the date they are closed. No case files may be destroyed without the County Contract Administrator's approval and the Contractor will be responsible for storage of all retained files during the term of this contract at the Contractor's cost.
- 21.4 **Other County Contractors and Vendors** - The County has relationships with a number of private agencies in business to provide services related to the management of claims, such as structured settlement brokers and legal defense firms. The Contractor shall use only those companies approved for use by the County and shall utilize a rotational system for making these assignments, unless otherwise instructed by the County Contract Administrator or County Counsel.
- 21.5 **E-Mail** - The Contractor shall maintain the capacity to send and receive e-mail for at a minimum each administrator, supervisor and claims staff member. The Contractor shall comply with the County Contract Administrator specified e-mail protocol dealing with content and confidentiality when using e-mail for County information.
22. **CONTRACTOR'S QUALITY CONTROL** - The Contractor shall establish and maintain a Quality Control Plan to assure that the requirements of the contract are met. The plan shall be provided to and approved by the County's Contract Administrator before services under this Contract are implemented. The Plan shall be effective on the implementation date and will be updated and re-submitted for County Contract Administrator's approval as changes occur. The plan shall include, but not be limited to, the following:
- 22.1 The method for ensuring the financial transactions, services, deliverables, and requirements defined in the contract are being provided at or above the level of quality agreed upon by the County and the Contractor.
- 22.2 The method for identifying and preventing deficiencies in the quality of service before the level of performance becomes unacceptable.

## **AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT**

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- 22.3 The methods for assuring and verifying that the minimum requirements for claims personnel are met as stated in Section 12, ***Contractor's Personnel***.
  - 22.4 A record of all inspections conducted by the Contractor, the corrective action taken, the time a problem is first identified, a clear description of the problem, and the time elapsed between identification and completed corrective action, shall be provided to the County Contract Administrator upon request.
  - 22.5 The method for continuing to provide services to the County in the event of a human-made or natural disaster, strike or other labor action of Contractor's employees.
23. **COUNTY'S QUALITY ASSURANCE** - The County Contract Administrator or its agent and the Chief Administrative Officer or its designee will evaluate Contractor's performance under this Contract, to insure contract compliance and achievement of performance standards. Such evaluation will include assessing the Contractor's compliance with all contract terms.
- As part of the County's quality assurance for this contract, the County currently uses an outside claim auditing service to review Contractor's services. A copy of the audit evaluation for selected cases is included in Exhibit 2. Currently these audits occur quarterly and involve a detailed review of approximately forty (40) Case Files.
- 23.1 **Notice of Contract Discrepancy** - Verbal or written notification of a Contract discrepancy will be made to the Contract Manager or designee as soon as possible whenever a Contract discrepancy is identified. The Contract Manager shall resolve the problem within a time period agreed upon by the County and the Contractor.
    - 23.1.1 The County Contract Administrator will determine whether a formal ***Contract Discrepancy Report***, Exhibit 3 shall be issued.
    - 23.1.2 If a Contract Discrepancy Report is issued, it will either be hand delivered or sent by certified mail to the Contract Manager, who will sign for receipt.
    - 23.1.3 Upon receipt of this document, the Contractor is required to

## **AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT**

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respond, via phone call and in writing, to the County Contract Administrator, within five (5) workdays, acknowledging the reported discrepancies or presenting contrary evidence. A plan for correction of all deficiencies identified in the Contract Discrepancy Report shall be submitted within ten (10) business days.

23.2 **Fraud Investigation** - The County Contract Administrator or its agent will evaluate the internal controls established by the Contractor to protect against fraudulent activity, incorrect or improper claims processing, inappropriate settlement and/or disbursement, and any other illegal activity related to the services provided under this Contract.

23.3 **Reported Deficiencies**

23.3.1 When deficiencies in performance standards are noted by the County, a Program Deficiency Report shall be issued to the Contractor. The Contractor shall respond in writing to the County's Contract Administrator within five (5) working days. The Contractor's response shall include:

- A. acknowledging the reported discrepancies or presenting any contrary evidence, and
- B. present a program for their immediate correction.

23.3.2 The County's Contract Administrator shall evaluate the Contractor's explanation and determine what further action, if any, should be taken. Failure on the part of the Contractor to perform at any acceptable level shall constitute grounds for reducing amount of payments to the Contractor or termination of contract.

23.4 **Performance Evaluation Meetings** - The Contractor and the County's Contract Administrator shall meet during the term of the Contract at regularly scheduled locations and intervals as determined by County Contract Administrator. The purpose of such meetings shall be to review the Contractor's performance and the County's monitoring function, and to discuss methods and plans to maintain or improve effectiveness of services provided to the County under this Contract.

**AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND  
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**PART E  
TECHNICAL EXHIBITS**

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**AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND  
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EXHIBIT 1

## Claims and Caseload Data

### AUTOMOBILE AND GENERAL LIABILITY PROGRAM LOSS EXPERIENCE FROM 7/1/97 TO 6/30/02

FISCAL YEAR ( July 1 thru June 30)							
	1997/1998	1998/1999	1999/2000	2000/2001	2001/2002	5 Year Total	Annual Average
<b>Automobile Liability</b>							
<b>Incidents</b>	1,706	1,733	1,582	1,855	1,933	8,809	1,762
<b>Cases</b>	791	768	783	831	901	4,074	815
<b>Sub total</b>	2,497	2,501	2,365	2,686	2,834	12,883	2,577
<b>General Liability</b>							
<b>Incidents</b>	569	368	251	385	332	1,905	381
<b>Cases</b>	665	645	982	855	960	4,107	821
<b>Sub total</b>	1,234	1,013	1,233	1,240	1,292	6,012	1,202
<b>FISCAL YEAR TOTALS</b>	3,731	3,514	3,598	3,926	4,126		

Cases - Claims, lawsuits, and incidents deemed for investigation which are received during the fiscal year.

# AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT

AUTOMOBILE AND GENERAL LIABILITY PROGRAM  
VALUE RANGE OF CASES FROM 7/1/97 TO 6/30/02

Dollar Value of Claims	Automobile Liability				General Liability				Total	
	Non-Litigated		Litigated		Non-Litigated		Litigated		Claims	%
	Claims	%	Claims	%	Claims	%	Claims	%		
\$ Zero	1,071	31.0%	37	5.9%	2,130	73.5%	216	17.9%	3,454	42.2%
\$0 to \$5,000	1,832	53.1%	175	28.1%	620	21.4%	387	32.0%	3,014	36.8%
\$5,001 to \$10,000	389	11.3%	114	18.3%	79	2.7%	141	11.7%	723	8.8%
\$10,001 to \$20,000	142	4.1%	120	19.3%	29	1.0%	139	11.5%	430	5.3%
\$20,001 to \$100,000	18	0.5%	149	24.0%	36	1.2%	237	19.6%	440	5.4%
\$100,001 to \$500,000	0	0.0%	26	4.2%	3	0.1%	80	6.6%	109	1.3%
\$500,001 to \$1,000,000	0	0.0%	0	0.0%	0	0.0%	6	0.5%	6	0.1%
Over \$1,000,000	0	0.0%	1	0.2%	0	0.0%	4	0.3%	5	0.1%
Totals	3,452	100.0%	622	100.0%	2,897	100.0%	1,210	100.0%	8,181	100.0%

**Notes:**

Value of claims consists of paid and estimated amounts for indemnity and expenses.

Percentage of total number of cases over a five year period.

**AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND  
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**EXHIBIT 2**  
PAGE 1 OF 3

**Current Audit for Evaluating Selected Claim Files**

**AUDIT FORM for EVALUATING SELECTED CLAIM FILES©**

**Shelter Island Risk Services** Yr. \_\_\_\_ Qtr. \_\_\_\_ # \_\_\_\_

**Subcontractor:** ☐ Octagon ☐ Carl Warren

TPA File # \_\_\_\_\_ Adjuster: \_\_\_\_\_ ☐ Open ☐ Closed

☐ Med/mal ☐ Auto ☐ GL ☐ Other Dept./Facil.: \_\_\_\_\_

☐ Multi-claim ☐ Open/Pending ☐ In Litigation ☐ Closed/Settled \$ \_\_\_\_\_

Incident Date: \_\_\_\_\_ ☐ IR ☐ VC ☐ LS ☐ Date VC/LS Filed: \_\_\_\_\_

**Description of Event:**

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**Scoring: 4-Exceeds Contract; 3-Average, Meets Contract; 2-Doesn't Meet; 1-Poor**

**A. \_\_\_\_ Initial Contacts:** (Evaluate Response to IR/Claim, File/Data Creation, Timeliness)

- ☐ Created from I.R. ☐ Created from Claim/Suit ☐ Data Accurate ☐ Creation Timely  
☐ Contact w/Dept./Facility Timely ☐ Contact w/Claimant or Attorney Timely

**Contract Requires:** Per PRM §16.0/CW§10.0 Take appropriate action, open file  
Conduct other investigation, assess appropriateness of damage, initiate in 24 hours. If  
serious injury involved. **Ind. Std.:** 24-hr contact, initial report to include reserves.

**Comments:** \_\_\_\_\_  
\_\_\_\_\_

**B. \_\_\_\_ Investigation (Passive)** (Evaluate Obtaining, Review/ Analysis of Outside Information)

- ☐ Immediate Follow-up with Dept/Facility ☐ Delay in Receiving Information  
☐ Reviewed Information for Accuracy ☐ Obtained Related Reports (PR/Coroner, etc.)

**Contract Requires:** §16.2(a)/§10.2(a.1) Secure and review department's internal reports.

**Comments:** \_\_\_\_\_  
\_\_\_\_\_

**C. \_\_\_\_ Investigation (Active):** (Evaluate Independent Investigation, Evidence, Statements)

- ☐ Outside Active Investigation Taken ☐ Outside Inv. Not Needed ☐ Photos ☐ Other  
☐ Statement from Claimant ☐ Statement from Principal ☐ Statement from Witnesses

**Contract Requires:** §16.2(b)/§10.2(a.2) Conduct other required investigation. **Ind. Std.:**

## AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT

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statements from principals and witnesses, documents, photos, research, preserve evidence

**Comments:** \_\_\_\_\_

**EXHIBIT 2**  
PAGE 2 OF 3

**D. File Evaluation:** (Evaluate COLA applicability, Settle/Deny Decision, Reserving)

☐ COLA Case ☐ Other Agency Involved ☐ Proper Tender ☐ Case To Settle ☐ Deny

**Reserves:** ☐ Too High ☐ Too Low ☐ Appropriate per *Part E, Exhibit VIII*.

**Contract Requires:** §16.2(c,d)3/§10.2(a.3,4),3. Assess damage and evaluate liability,

**Ind. Std.:** Evaluate as to Coverage, Liability and Damages with periodic reevaluation.

**Comments:** \_\_\_\_\_

**E. Reporting:** (Evaluate timeliness of reports and whether they convey accuracy)

☐ First Report Timely ☐ Statuses Timely ☐ Too New to Report ☐ Report Quality

**Contract Requires:** §16.2(a)/§10.2c) COLA “to be advised of action taken.” 30 days

After receiving Internal reports provide Case Status Report, with status every 60 days.

**Date Internal Material Received:** \_\_\_\_\_

**Comments:** \_\_\_\_\_

**F. File Management:** (Claim/Denial [45-day] notice, evidence of decision making)

☐ Denial/Notice Timely ☐ Responded to Claim ☐ Moving toward Settlement ☐ Denied

**Contract Requires:** §16.5-8,/§10.5-7,; Manage file, deny or act per statutes

**Comments:** \_\_\_\_\_

**G. Litigation Management/Prevention:** (Active decision to defend, control of file, budget)

☐ Not in Suit/Settlement Pending ☐ Denied, awaiting statute ☐ Settled, no Suit ☐ In Suit

**Suit:** ☐ Evidence that active decision was made to Defend ☐ Budget obtained/reviewed

☐ Evidence that Claim Rep. Is in Control of the Litigation ☐ File Abandoned to Defense

**Contract Requires:** §17.1-6,/§11.1-7 Within 90 days obtain Case Evaluation Plan, etc.

**Ind. Stds:** Full range of Litigation Management/Prevention.

**Comments:** \_\_\_\_\_

**H. Damage Evaluation:** (Evaluate evidence of medical/damage review, cost containment)

☐ Med. Files Reviewed ☐ IME/Cost Containment Used ☐ Damage Appraisal/Photos

☐ Subrogation/Tender of Defense/Offset for Comparative negligence Considered

**Contract Requires:** §16.2(d)/§10.2(4) Assess physical injuries, incl. Evaluation of

**AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND  
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treatment and expenses. Reevaluation of Reserve accuracy.

**Comments:** \_\_\_\_\_

**AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND  
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**EXHIBIT 2**  
PAGE 3 OF 3

**I. Steps Toward Resolution:** (Evaluate whether file is being moved toward resolution)

☐ Evidence of Attempt to Settle ☐ Formal Statutory Denial ☐ File in Litigation

**Contract Requires:** §18/§12/14 TPA to utilize Settlement Authority (\$10,000/\$3,000)

**Comments:** \_\_\_\_\_  
\_\_\_\_\_

**J. Liaison and Communication:** (Evaluate file communication w/COLA or dept./fac.)

☐ Good Comm. W/Dept./Facil. ☐ Follow-up Evident ☐ Settlement authority discussed

**Contract Requires:** §26/§21 (Education and Loss Prevention Programs)

**Comments:** \_\_\_\_\_  
\_\_\_\_\_

**Score: A:\_\_\_ B:\_\_\_ C:\_\_\_ D:\_\_\_ E:\_\_\_ F:\_\_\_ G:\_\_\_ H:\_\_\_ I:\_\_\_ J:\_\_\_ = \_\_\_ ÷ \_\_\_ = \_\_\_**

**File Comments:** \_\_\_\_\_  
\_\_\_\_\_

**AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND  
LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT**

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**EXHIBIT 3**

**CONTRACT DISCREPANCY REPORT**

**TO:** \_\_\_\_\_

**FROM:** \_\_\_\_\_

**DATES:**

Initiated by County: _____
Returned by Contractor: _____
Action Completed: _____

**Discrepancy or Problem:**

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\_\_\_\_\_  
**Signature of County's QAE**

\_\_\_\_\_  
**Date**

**Contractor's Response (Cause and Corrective Action):**

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\_\_\_\_\_  
**Signature of Contractor's Contract Manager**

\_\_\_\_\_  
**Date**

**County Evaluation of Contractor's Response:**

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**County's Action:**

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**Contractor Notified of Action (initials and date):**

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**County's Contract Administrator Signature** **Contractor's Contract Manager Signature**



# **AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT**

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## **EXHIBIT 4**

### **CASE RESERVE POLICY**

- I. POLICY OBJECTIVE: To establish and maintain accurate reserves to provide a foundation for budget preparation and estimates of future funding requirements.
- II. POLICY SCOPE: Reserves for indemnity and expense payments must be established for each Case File. Reserves shall be set by County Risk Management, the County's third party administrators (TPA), or attorneys (County Counsel or contract legal defense firms), at the earliest opportunity, and updated periodically on evaluation of case developments.
- III. POLICY ADMINISTRATOR: The County Contract Administrator shall monitor compliance with the requirements of this policy on a periodic basis, and update this policy as needed.
- IV. POLICY PROCEDURES:
  - A. The TPA/Attorney is responsible for ensuring reserves accurately reflect the ultimate loss exposure for each claim.
  - B. The TPA/Attorney shall establish and maintain an indemnity and expense reserve on each Case File assigned to or handled by TPA/Attorney.
  - C. Initial reserves shall be set within 10 working days from the date an Case File is set up. Thereafter, reserves shall be reviewed and evaluated against case developments as warranted, but at least every ninety (90) days by the third party administrators, until the file is closed.
  - D. An initial reserve shall be set based upon TPA/Attorney's professional judgment considering all information available at the time a file is opened. Indemnity reserves set on files established by verified claims or lawsuits should reflect the claim's ultimate cost. Indemnity reserves for files set up based on an incident report should reflect a minimum exposure level and should be immediately reviewed and revised, if necessary, when a verified claim or lawsuit is filed.
  - E. Although the goal is to set reserves which will be adequate for the life of the Case File, reserves are subject to changes because of continuing case developments. The TPA/Attorney should monitor claims activity to determine if adjustments (increases or decreases) in reserves are necessary.
  - F. All initial reserves or modifications to existing reserves must be entered into the County's Risk Management Information System and documented in the Case File. Notations that changes in reserves are unnecessary must be noted in the Case File.

**AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND  
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**EXHIBIT 5**  
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**COUNTY OF LOS ANGELES  
STRUCTURED SETTLEMENT PROGRAM GUIDELINES**

1. **PROGRAM OBJECTIVE:** To provide criteria for use of structured payments to reduce claims costs and provide earlier settlement of liability claims.
2. **PROGRAM SCOPE:** Structured settlements should be considered for any claim when it is economically beneficial to the County or assists in the favorable settlement of a claim. Structured settlements provide a financial alternative to reduce the cost of settlements and meet court requirements in allegations involving minors and other dependent parties.
3. **PROGRAM DEFINITIONS:** A structured settlement is defined as any settlement in which a portion of the payment or payments to the plaintiff is deferred to the future. Deferred payments may be made through a commercial annuity contract purchased from an insurance company or under a self-funded arrangement.

The payment schedule can be split wherein some payments are annuitized and some are self-funded. Commercial annuity payments are made directly by the insurance company and self-funded payments may be made by the County's third party administrator (TPA).

Structured settlements may include an immediate cash payment or periodic future payments, or a combination. Whenever possible and agreed to by plaintiff and their attorney, the County shall be named as the beneficiary of future payments upon the death of the claimant.

4. **PROGRAM ADMINISTRATOR:** The Chief Administrative Office (CAO) shall decide if settlements will be financed through commercial annuities or self-funding. Such decision will be based on comparison of cost and consideration of budget factors. CAO approval will be indicated in writing to the TPA or County Counsel on the Request for Settlement Authority form.

There may be special circumstances in which the Court or settlement negotiations require one method of funding over the other. In those circumstances, the third party administrator, County Risk Management, or County Counsel is authorized to finance the settlement according to the settlement restrictions.

5. **PROGRAM CLAIM CRITERIA:** It is the responsibility of the TPA, County Risk Management, and County Counsel to identify opportunities and secure quotations for the following types of claims:
  - A. Claims with indemnity reserves greater than \$100,000.

# AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT

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EXHIBIT 5  
PAGE 2 OF 5

- B. Claims involving minors or persons who are legally incompetent.
- C. Claims involving persons with temporary or permanent impairments.
- D. Claims where the widow or widower needs monthly or annual income.

6. **PROGRAM PARTICIPANT CRITERIA:** Structured settlement proposals must be obtained from annuity insurers and brokers meeting the following selection criteria:

- A. Annuity Insurers - Annuities may only be purchased from annuity insurers who have the following minimum ratings:
  - 1. **A. M. Best's:** Rating of A+, financial size of X or higher. Use of an alternative insurers is subject to the sole discretion of County Risk Management.
  - 2. In addition, to the A.M. Best rating, the annuity insurers must be rated by at least one of the following:
    - a. **Moody's:** Rating of Aa2 (Aa3 if less than 10 years) or higher.
    - b. **Standard and Poor's:** Rating of AA (AA- if less than 10 years) or higher.

Any annuity insurer who receives a rating lower than noted in 1 or 2 above will be unacceptable.

If the annuity is unassigned, the insurer must have minimum rating of an Aaa from Moody's or AAA from Standard and Poor's, and the annuity insurers Adjusted Surplus to Total Assets ratio must be greater than 5.6%. The Adjusted Surplus is defined as Net Worth (Capital + Surplus) + MSVR (Mandatory Security Valuation Reserve).

B. Distribution of Annuities

- 1. Total annuity purchases from a single company cannot exceed 10% of company surplus for an Aa2/AA or higher insurer or 5% for an Aa3/AA- or higher insurer.
- 2. No more than 20% of the County's annuities may be purchased from a single insurer with a rating of Aa2/AA or higher, and 10% for an insurer with a rating of Aa3/AA.

# **AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT**

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**EXHIBIT 5**  
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3. There is an annual limit of 10% of insurer's business for an Aa2/AA or higher insurer, and 5% for an Aa3/AA- insurer. The insurer's business is defined as all the annuity premiums sold in one year.
- C. Annuity Brokers - Annuities must be purchased through licensed annuity brokers who have the specialized experience and knowledge in obtaining and monitoring annuities. To be acceptable, brokers must meet the following minimum criteria:
  1. Licensed in the State of California as an annuity broker.
  2. Have a direct agency agreement with all annuity insurers which meet County's selection criteria.
  3. Maintain Errors and Omissions liability insurance with a minimum policy limit of \$5,000,000 per claim.
  4. Provides annuities solely for defendants in bodily injury cases.

Each person who works on County structured settlements must be an employee or an independent contractor of a company which meets the above criteria which is centrally managed and controlled. If the consultant is an independent contractor, County has the right to review the independent contractor's agreement with the broker to determine whether there is sufficient control over the actions of the independent contractor.

Current County policy requires that the Third Party Administrator (TPA) select at least three (3) brokers who meet the preceding requirements and who are interested in participating on a panel from which County would then select. The assignments are made by the TPA on a rotation basis, unless County Risk Management, County Counsel or the TPA determine that one specific broker is better suited to the assignment. The broker assignments should be made in an equitable manner.

## **7. ANNUITY PLACEMENT PROCEDURES:**

- A. Counsel will advise annuity broker of the types of claims listed under Section V, Program Selection Criteria of this program guideline and provide the relevant information (i.e. medical records and specials, outstanding liens, medical specials, age of plaintiffs, indemnity reserve, plaintiff's demand, need for long-term medical care, college fund, etc.) as soon as negotiations are contemplated.

# **AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT**

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**EXHIBIT 5**  
**PAGE 4 OF 5**

- B. Annuity broker will prepare preliminary proposal(s) based on information provided to demonstrate the benefits available under a structured settlement.
- C. TPA/County Risk Management/County Counsel will review the preliminary proposal(s) and request annuity broker to revise proposal(s) based on TPA/County Counsel assessment of allegation or discuss preliminary proposal(s) with claimant's attorney.
- D. TPA/County Risk Management/County Counsel will direct annuity broker to revise proposal(s) based on plaintiff's demands during negotiations.
- E. Annuity broker will obtain final proposal(s) from all qualifying insurers and submit to the TPA, County Risk Management, or County Counsel.
- F. Upon agreement on type and structure of settlement, the TPA/County Risk Management/County Counsel contacts annuity broker to finalize annuity costs. CAO determines if settlement should be annuitized or self-funded.
- G. TPA/County Risk Management/County Counsel insures all the required documentation is completed and forwarded to annuity broker for final review before submitting documentation to the court.
- H. Annuity broker reviews the material submitted to insure the documentation meets all the criteria and Internal Revenue Codes in order for the proceeds to be classified as non-taxable.
- I. TPA/County Risk Management/County Counsel submits final documents to the court, obtains funding from CAO and directs claimant's attorney to execute the documents.
- J. Manually TPA is to provide a report to County Risk Management of annuity including validity of annuitant, for duration of annuity period. TPA is to insure that a certified copy of the annuity is submitted to CAO.
- K. On an on-going basis, CAO will review annuity broker's performance and compliance with these guidelines. The Treasurer Tax Collector will also continue to review the rating of insurers with whom County has purchased annuities.

## **8. POST ANNUITY PLACEMENT PROCEDURES**

- A. Once an annuity has been selected, the TPA must determine if the policy will be assigned through a qualified assignment or if the annuity ownership will be retained by the County. The majority of annuity policies will involve a qualified assignment during

# **AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT**

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## **EXHIBIT 5**

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placement and the responsibility of the County and the TPA will end once the assignment is completed as reflected in the foregoing procedures. In a limited number of annuities placed, however, assignment is not possible. An example would be an annuity purchased as a special needs trust set up for a minor or individual who is incompetent. In these circumstances, the County retains ownership of the policy and in some circumstances may ultimately become the beneficiary of the trust proceeds once conditions prescribed in the annuity are met. An example of one such condition would be the demise of the annuitant. These types of annuities are usually ordered by the Court as a result of a minor's compromise hearing and are structured under strict conditions set by the Court.

- B. If the TPA establishes that an annuity is County owned and ownership will continue after the closure of the case file, the TPA must continue to monitor payments and mortality of the annuitant throughout the duration of the annuity.
- C. The TPA must maintain a current list of all County owned annuities which are actively issuing payments to annuitants.
- D. The TPA is expected to conduct annual reviews of both the status of the annuitant and payments to insure that appropriate payments are being made

### **9. EXISTING ANNUITY FILES**

- A. County owned annuities which were originally placed with Executive Life Insurance Company were assumed by Aurora National Life Assurance Company after Executive Life went into receivership and was dissolved by the State of California as insolvent. These files are being closely monitored by the County and if payments issued to the annuitant are less than the amount guaranteed in the original settlement agreement, then the shortfall amount must be issued by the TPA on behalf of the County according to County instructions. These payments must be established on an ongoing basis with an annual review of annuitant status and projected shortfall figures.
- B. County owned annuities placed with other insurance carriers and which are still active, must be maintained in the manner set forth in the preceding procedures.
- C. County elected to self fund annuities written in the early 1980s. 53 of these files still remain active. These files must be aggressively monitored by the TPA. The TPA must maintain contact with the annuitants to insure annuitant compliance with any conditions stipulated in the settlement agreement prior to the issuance of any payment. Familiarity with these files is critical to their management. Quarterly reports must be prepared and submitted concerning these files in a format acceptable to County Contract Administrator.. Periodic independent audits will be conducted on these files and the TPA is expected to offer full cooperation.

**AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND  
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**EXHIBIT 6**  
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**COUNTY OF LOS ANGELES  
INCIDENT REPORTING AND ACCIDENT REVIEW GUIDELINES**

1. **PROGRAM OBJECTIVE:** To reduce and control future liability costs by requiring the County departments to timely report incidents and accidents, determine their cause and ensure appropriate loss prevention measures have been taken.
2. **PROGRAM SCOPE:** These guidelines were designed to provide County departments and County Third Party Claims Administrators (TPAs) with instruction on their roles and actions to be taken in this process. These guidelines apply to:
  - A. Auto-related incidents and accidents involving County owned or leased, or employee owned vehicles used in the course of employment and work performance.
  - B. General liability incidents and accidents including slips and falls, stolen or missing property and contract disputes.

These guidelines do not apply to reporting of employee injuries (worker's compensation claims).

3. **PROGRAM ADMINISTRATION:** The County Contract Administrator has responsibility for overall coordination of County-wide risk management administration functions. This responsibility includes the development and monitoring of an effective incident reporting system.

Compliance with these guidelines by departments supports the administration of claims and lawsuits by:

- A. TPA for auto and general liability.
  - B. County Counsel (general and professional liability).
4. **INCIDENT REPORTING SYSTEM:**
    - A. Incident Report Forms:

## AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT

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EXHIBIT 6

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The County's incident reporting system was designed to facilitate the collection and transmittal of specific accident information from County staff to the TPA. This requires County staff to complete one of the following incident report forms, (Note: these forms may be revised as part of County's Risk Management Information System and can be viewed through the system).

1. Report of Vehicle Accident or Incident - for auto-related incidents
2. Non-Employee Injury Report - for medical or hospital related incidents.
3. Special Event Report of Incident/Accident - for Special Event Liability Insurance incidents.

Incident reports are invaluable to preserve critical information. Information collected at the time of incident expedites future investigations and minimizes and County's cost. The incident report provides a written description of the event and the name(s), telephone number(s) and address(es) of involved parties and witnesses.

### B. Department Duties:

1. Incorporate these guidelines within the department loss prevention plan.
2. Develop internal procedures implementing these guidelines, and distribute to department employees with instructions to comply.
3. Notify TPA of incidents by completing the appropriate incident report and forwarding within ten (10) days of the date of incident.

**Note: Do not delay the forwarding of reports because some information is unavailable and the report cannot be completed. A follow-up report may be subsequently forwarded with the notation that it is a revision of an earlier report.**

4. If initial review of an incident indicates it may warrant early intervention/resolution in accordance with Accelerated Claims Settlement Program guidelines, submit a statement to this effect along with the incident report to the TPA.
5. For incidents involving serious injury or death, immediately contact the appropriate TPA by telephone.
6. Review incident reports to determine:
  - a. Cause of accidents.



## AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT

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EXHIBIT 6  
PAGE 3 OF 3

- b. If accidents are preventable or non-preventable.
  - c. Necessary corrective action.
  - d. If opening of case file is warranted because of severe injury or death.
  - e. Potential tender based upon indemnification from subcontractor, vendors or other parties.
7. If corrective action is necessary, take appropriate loss prevention measures to control or remove the cause(s) and prevent future accidents. **If immediate corrective action is warranted but can not be taken, immediately notify County Contract Administrator for assistance and consultation.**
8. If requested by the County Contract Administrator or the TPA, provide a summary of loss prevention measures taken.

### C. Third Party Administrator (TPA) Duties:

- 1. Review all incident reports to:
  - a. Initiate early intervention/resolution with departments in accordance with Accelerated Claims Settlement Program guidelines.
  - b. Initiate immediate review by department for serious injury or damage in accordance with TPA contract provisions.
  - c. Determine and advise County Contract Administrator of incidents which require loss prevention review.
- 2. Enter pertinent incident report data into the claims database.

### D. County Contract Administrator Duties:

- 1. Monitor compliance of TPA and departments with these guidelines.
- 2. When requested, provide assistance and consultation to support department loss prevention efforts.

Questions concerning these guidelines should be directed to the County Contract Administrator.

**AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND  
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**EXHIBIT 7**  
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**COUNTY OF LOS ANGELES  
ACCELERATED CLAIMS SETTLEMENT PROGRAM**

1. **PROGRAM OBJECTIVE:** Early resolution of claims when it is legally and financially advantages to County.
2. **PROGRAM SCOPE:** The program will be limited to auto related incidents and claims involving County or employee owned vehicles used in the course of employment and work performance. The program may be expanded to include incidents and claims relating to general liability, including slip and falls, stolen or missing property or contract disputes.

Note: These guidelines apply only to those incidents and claims which have been identified and targeted for early intervention and resolution, and which are administered by a third party administrator (TPA).

3. **PROGRAM CRITERIA:** This program promotes expedient investigation by department personnel and TPA to identify incidents and develop claims information in a more proactive manner to achieve the program objective.

Department personnel shall commence immediate investigation of the incident or claim to determine the County's liability, and provide TPA with a recommendation for resolution. Department personnel shall contact the TPA representative who has been appointed to exclusively review, process, and expediently resolve the matter through the County's Claims Administration Program.

Incidents and claims targeted for early resolution will be based on determination by department and TPA that:

- A. The County is clearly liable.
- B. Legal issues are minor and not disputable.
- C. Department reports or personnel statements indicate County liability.
- D. Liability limited to physical damage. (For example: department vehicle colliding into a building or stationary object.)
- E. Bodily injury liability is apparent or minor. (For example: No physical injury or the other party indicates willingness to settle for minor amounts.)

Auto related incidents involving major property damage or severe injuries (i.e. death, amputation, paralysis head injuries, etc.) will continue to be handled in the normal manner under the County's Claims Administration Program.

# **AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT**

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## **F. TO BE PERFORMED BY COUNTY CONTRACT ADMINISTRATOR**

1. Develop Program Goal and Procedural Guidelines for review and concurrence with County Counsel and department.
2. Coordinate implementation of program with County Risk Management, County Counsel, department, and TPA.
3. Monitor program performance and progress of TPA and department.
4. Provide approval for claims resolved over \$10,000 and arrange for funding for all settlements.
5. Provide periodic reports to departments and Board.

## **G. TO BE PERFORMED BY COUNTY COUNSEL**

1. Provide ongoing legal advice.
2. Review TPA recommendations and provide immediate approval/disapproval to resolve claims over \$10,000.

## **H. TO BE PERFORMED BY DEPARTMENT**

1. Provide and maintain a listing, including the address and phone number of designated department staff liaison(s).
2. Promptly report all auto incidents to TPA in accordance with the County's Incident Reporting and Accident Review Guidelines.
3. Use the County's Report of Vehicle Accident or Incident (printed copy or on-line RMIS input) for this purpose. Hard copies are to be mailed or faxed to the County's Auto/General Liability TPA.
4. If requested by TPA, perform immediate field investigation and forward finding to TPA with recommendation that expedient resolution is warranted.
5. If necessary, follow-up or provide additional information which may be requested by TPA.

## **I. TO BE PERFORMED BY TPA**

1. Review within twenty-four hours of receipt all County Reports of Vehicle Accident or Incident and notices which are received from County departments to determine if early resolution is warranted.

**AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND  
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2. If necessary, contact department liaison if additional information is necessary to evaluate resolution.
  3. Contact claimant(s) within 24 hours to verify damage/injury amount and secure tentative agreement to settle claim. TPA will also assist the claimant in completing and mailing the required claim forms should it be necessary.
  4. Obtain the concurrence of the department on the terms of resolution if terms are different from the department's recommendation.
  5. Issue settlement payment within five (5) working days of obtaining release
  6. Issue closing report and close file within fourteen (14) working days after payment of settlement.
  7. Maintain statistical information and provide progress reports to the County Contract Administrator.
4. **PROGRAM REVIEW** - Monthly status reports of program progress will be provided to departments for monitoring and evaluation of program. Six month review will be conducted with department management to discuss results of program.

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**EXHIBIT 8**  
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**COUNTY OF LOS ANGELES  
VEHICLE ACCIDENT SUBROGATION PROCESS**

1. **OBJECTIVES** - To maximize recovery of vehicle damages repair or replacement costs from the third parties who are at fault.
2. **TASKS AND RESPONSIBILITIES** - The following defines the responsibilities and tasks of the County Contract Administrator, County Counsel, Contractor's claim staff and subrogation unit, legal defense attorneys and County departments.

The responsibilities and tasks of the parties are as follows:

- A. **County Contract Administrator** - The County Contract Administrator will have overall responsibility for program's performance. The County Contract Administrator will have authority to modify subrogation program as necessary to maximize recoveries and improve effectiveness of program. The County Contract Administrator shall:

1. Monitor department, Contractor's performance.
2. Coordinate vehicle accident subrogation program.
3. Review and approve payment to Contractor.
4. Review and respond to Contractor on all requests for settlement approval.
5. Establish and implement procedures for the timely deposit of subrogation payments into a County account.
6. At the discretion of County, retain responsibility to conduct subrogation on any damage to County vehicle and provide Contractor notification of such decision.

- B. **County Counsel** - County Counsel is responsible for administration of subrogation litigation and providing legal advise on subrogation efforts. County Counsel shall:

1. Review and approve requests to settle subrogation.
2. Review litigation requests and assign law firm.
3. Management contracts with subrogation law firms.

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4. Provide Contractor with information needed for subrogation on lawsuits administered directly in County Counsel.
  5. Provide County Contract Administrator and departments with required or requested financial and statistical reports on subrogation in litigation.
- C. **Departments** - The departments shall be responsible for advising Contractor of potential subrogation opportunities and provide relevant information requested by Contractor. The departments shall:
1. Identify and refer incidents to Contractor.
  2. Provide repair estimates and other information requested by Contractor.
- D. **Legal Defense Firms** - The subrogation law firms shall be responsible for recovery of vehicle repair or replacement costs. The law firms shall:
1. Provide experienced and qualified attorneys and clerical/support personnel for litigation of vehicle accident subrogation.
  2. Obtain required information, conduct litigation in a cost effective and timely manner, and collect payments from responsible parties/insurance company.
  3. Provide County Contract Administrator, County Counsel and departments with required or requested financial and statistical reports on subrogation in litigation.
- E. **Contractor's Subrogation Unit** - The subrogation unit shall be responsible for recovery of vehicle repair or replacement costs in a cost effective and timely manner from the parties that caused the accident or damage. Contractor shall:
1. Provide experienced and qualified staff and clerical/support personnel for the subrogation of damage to County vehicles.
  2. Develop with County a criteria for identifying and referring incidents or liability claims for subrogation.
  3. Develop, maintain and comply with a procedures manual to ensure subrogation is conducted in a timely and cost effective manner and to maximize subrogation recoveries. Including (when appropriate) notifying County's Chief of Disability Management

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of subrogation, so the County can pursue Workers' Compensation subrogation.



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4. Obtain required documents, conduct subrogation and collect payments from the responsible parties/insurance company in accordance with contract and agreed procedures.
5. Notify County's Chief of Disability Management of subrogation, so the County can pursue Workers' Compensation subrogation.
6. Maintain and provide, as required by County, statistical and financial reports on subrogation conducted, recoveries received and costs of subrogation services.
7. Submit litigation request when it is cost effective or to the benefit of the County and provide reports required by the County on litigation efforts and costs.
8. Advise and work with County staff to resolve any operational difficulties.

**F. Contractor's Claim Staff** - The claims staff shall be responsible for advising subrogation unit of potential subrogation opportunities and providing relevant information it receives to the subrogation unit. The claims staff shall:

1. Identify and refer incidents and claims to subrogation unit for subrogation in accordance with subrogation criteria.
2. Provide to subrogation unit incident, police, medical and other reports, repair estimates, claim status and other information relevant to subrogation efforts.
3. Credit case file when a subrogation recovery is received.
4. Advise and work with County staff to resolve any operational difficulties.

**3. SUBROGATION PROCESS** The subrogation process facilitates an effective exchange of information between these parties which is necessary to maximize recovery of County costs. The subrogation process consist of identifying incidents and claims for subrogation, opening a file and conducting investigation, litigation of subrogation and collection of monies. The extent of the subrogation effort will be determined based on amount of costs to be recovered, third parties financial status/resources and facts of the vehicle accident.

**A. Identifying vehicle accidents/incidents for subrogation**

1. Subrogation should be pursued on vehicle accidents in which County employees

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are injured, the County vehicle is damaged and a third party is at fault for the accident,

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2. Subrogation should not be pursued on vehicle accidents in which:
    - a. The accident exclusively involves County owned vehicles operated by County employees.
    - b. The County driver is clearly at fault.
    - c. The County vehicle was not damaged or the county employee was not injured and worker's compensation benefits were not issued.
    - d. The third party that caused the accident cannot be identified, there is no third party.
  3. Departments shall write "Subrogation" on the *County's Report of Vehicle Accident or Incidents* to identify vehicle accidents for subrogation and submit these incident reports directly to the Contractor for subrogation.
  4. The Contractor's claims staff shall identify liability file with subrogation potential and provide to subrogation unit a copy of information in file that is relevant or would assist in the subrogation including claim number, name of adjuster, repair estimates, police and medical reports, insurance information on third parties and percentage of liability if appropriate. For incident reports which no liability file exists, the claims staff shall write in "No Auto".
- B. Opening a subrogation file and conducting investigation.
1. Subrogation unit shall review incident reports and open a file on incidents with subrogation potential in accordance with the process indicate below. The subrogation unit will also advise the referring department or adjustor of any incident which subrogation should not be pursued and the reason(s) why.
  2. For incidents with a companion liability file, the subrogation unit shall:
    - a. Obtain police reports, repair estimates, registered owner of other vehicle and other information needed for subrogation if it was not provided or cannot be obtained from claims staff.
    - b. Contact the third party/insurance representative that caused the accident or damage and if appropriate, file form SR19 with DMV to obtain

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insurance information or confirm uninsured status of third party.

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**EXHIBIT 8**  
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- c. Provide any information relevant to liability claims to claims staff.
  - d. Maintain and provide statistical and financial reports as required on subrogation to County Contract Administrator, referring department and Contractor's Program Manager.
- 3. For incidents which the third party or insurance company contacts the County to reimburse the County for its costs, the subrogation unit shall immediately:
  - a. Obtain incident report, repair estimates, costs of workers compensation benefits paid and other pertinent information needed to ensure maximum recovery of County costs as appropriate.
  - b. Provide financial and status reports as required for monitoring of subrogation program to County Contract Administrator, referring department and Contractor's Program Manager.
- 4. For incidents with no companion liability file, and no contact from third party/insurance company to reimburse the County for damages, the subrogation unit will:
  - a. Suspend subrogation until six (6) months after accident date. The purpose of the suspension is to avoid soliciting a claim from the third party. Generally, claims for injury must be filed within six (6) months of accident, after this time period the County does not have to accept the claim.
  - b. If during this period a liability claim is received, open subrogation file per section "B" above.
  - c. If no claims are received during this period, open a subrogation file and pursue recovery of vehicle damage.
  - d. Provide financial and status reports as required for monitoring of subrogation program to County Contract Administrator, referring department and Contractor's Program Manager.

**C. Litigation**

- 1. Subrogation unit will recommend litigation when each of the following three (3)

**AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND  
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elements warrants the added cost of litigation:

**AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND  
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**EXHIBIT 8**  
PAGE 6 OF 6

- a. The amount of costs to be recovered.
  - b. Liability for accident.
  - c. Financial status of third party (commercially insured or has sufficient assets to reimburse the County for its costs).
2. Unless there is adequate assets with which to satisfy a judgement, litigation against an uninsured motorist should not be recommended. Subrogation of an uninsured individual through litigation could result in an uncollectible judgement and unwarranted attorney expenses.
3. Litigation will be conducted to protect the County's subrogation interest and maximize recovery of County costs in a cost effective and timely manner.
4. Maintain and provide statistical and financial reports as required on litigated subrogation to the County Contract Administrator, referring department and the Contractor's Program Manager.

**D. Closing of subrogation file**

1. Upon receipt of recovery check:
  - a. It will immediately be deposited into the County account.
  - b. A copy of the check is sent to the County Contract Administrator, referring department, the claim staff, as appropriate, along with closing report advising that recovery is completed and subrogation file is being closed.
2. Without payment:
  - a. Submit request to close without payment listing reason for closure and supporting documents including credit checks of uninsured motorist and DMV response to SR19 form.
  - b. Upon approval of the County Contract Administrator, subrogation unit will close file.

**AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND  
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**EXHIBIT 9**

**LEGAL DEFENSE MANAGEMENT REPORTS**

THIS EXHIBIT INCLUDES EXAMPLES OF:

REPORTS REVIEWED BY CONTRACTOR

1. CASE EVALUATION AND PLAN (CEP)
2. CASE STATUS REPORT
3. CASE STATUS UPDATE REPORT

REPORT COMPLETED BY CONTRACTOR

4. COURT APPEARANCE CALENDAR (CAC)



# AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT

**EXHIBIT 9**  
PAGE 1 OF 3

## CASE EVALUATION AND PLAN (CEP)

(TO BE COMPLETED BY FIRM'S SUPERVISING ATTORNEY)

1	FIRM NAME:			
	CASE NAME: _____ COURT #:		COUNTY COUNSEL DOCKET #:	
	INCIDENT DATE:	CLAIM DATE:	CLAIM DENIED DATE:	COMPLAINT FILED DATE:
	TYPE OF CASE:			
	CASE/MATTER DESCRIPTION & FACTS: * _____ _____			
	OPPOSING ATTORNEY'S NAME (if known):			
2	INVESTIGATIONS NEEDED: <input type="checkbox"/> WITNESS STATEMENTS <input type="checkbox"/> MEDICAL REPORTS <input type="checkbox"/> SCENE DIAGRAM & PHOTOS <input type="checkbox"/> POLICE REPORTS <input type="checkbox"/> OTHER, DESCRIBE WHAT IS NEEDED: _____ _____			
3	INJURIES OR DAMAGES CLAIMED: * (list punitive damages separately) _____			
4	SPECIAL DAMAGES: * MEDICAL \$ _____      LOSS OF EARNINGS \$ _____ OTHER \$ _____ IF OTHER SPECIFY _____			
5	PLAINTIFF'S CONTENTION: * _____ _____			
6	AFFIRMATIVE DEFENSES: * _____ _____			
7	INITIAL DISCOVERY: (designate expert/parties)			

# AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT

	DISPOSITIONS TO BE TAKEN (list names)  _____	INTERROGATORIES TO BE SENT (list names)  _____	RECORDS/DOCUMENTS TO BE PRODUCED (list names)  _____
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**EXHIBIT 9**  
PAGE 2 OF 3

<b>8</b>	<p>RESEARCH REQUIRED: * (<i>general description of issues &amp; extent</i>) Specifically identify any research requiring original effort as opposed to research that has generally been done previously by the firm:</p> <p>_____</p> <p>_____</p> <p>ESTIMATED AMOUNT OF TIME NEEDED TO COMPLETE RESEARCH: _____ HOURS</p>												
<b>9</b>	<p>MONETARY EVALUATION OF CASE(S):</p> <p>POTENTIAL LIABILITY/EXPOSURE \$ _____ VERDICT RANGE \$ _____</p> <p>SETTLEMENT VALUE \$ _____</p>												
<b>10</b>	<p>RECOMMENDED CASE STRATEGY: *</p> <p>_____</p> <p>_____</p> <p>_____</p>												
<b>11</b>	<p>STAFFING/HOURLY RATE: * Identify the staffing levels, hourly rates and estimated number of hours for each partner, associate, or paralegal.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; width: 30%;"><u>NAME</u></th> <th style="text-align: center; width: 20%;"><u>TITLE</u></th> <th style="text-align: center; width: 20%;"><u>HOURLY RATE</u></th> <th style="text-align: center; width: 30%;"><u>ESTIMATED # OF HOURS</u></th> </tr> </thead> <tbody> <tr> <td>_____</td> <td>_____</td> <td>_____</td> <td>_____</td> </tr> <tr> <td>_____</td> <td>_____</td> <td>_____</td> <td>_____</td> </tr> </tbody> </table>	<u>NAME</u>	<u>TITLE</u>	<u>HOURLY RATE</u>	<u>ESTIMATED # OF HOURS</u>	_____	_____	_____	_____	_____	_____	_____	_____
<u>NAME</u>	<u>TITLE</u>	<u>HOURLY RATE</u>	<u>ESTIMATED # OF HOURS</u>										
_____	_____	_____	_____										
_____	_____	_____	_____										
<b>12</b>	<p>CONSULTANT AND/OR EXPERT WITNESS: * Identify the consultant's and/or expert's specialization and the hourly rate to be charged.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; width: 30%;"><u>NAME</u></th> <th style="text-align: center; width: 20%;"><u>SPECIALITY</u></th> <th style="text-align: center; width: 20%;"><u>HOURLY RATE</u></th> <th style="text-align: center; width: 30%;"><u>ESTIMATED # OF HOURS</u></th> </tr> </thead> <tbody> <tr> <td>_____</td> <td>_____</td> <td>_____</td> <td>_____</td> </tr> <tr> <td>_____</td> <td>_____</td> <td>_____</td> <td>_____</td> </tr> </tbody> </table>	<u>NAME</u>	<u>SPECIALITY</u>	<u>HOURLY RATE</u>	<u>ESTIMATED # OF HOURS</u>	_____	_____	_____	_____	_____	_____	_____	_____
<u>NAME</u>	<u>SPECIALITY</u>	<u>HOURLY RATE</u>	<u>ESTIMATED # OF HOURS</u>										
_____	_____	_____	_____										
_____	_____	_____	_____										

**AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND  
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# AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT

**EXHIBIT 9**  
PAGE 3 OF 3

13	INITIAL COST ESTIMATE: * Projected budget, including attorney fees and expenses, for handling Case File through each of the following stages:							
	<i>[Please base this estimate on past experience with similar Case(s)] File(s)</i>							
		<u>TOTAL COST</u>	<u>FY #1</u>	<u>FY #2</u>	<u>FY #3</u>	<u>FY #4</u>	<u>FY #5</u>	<u>FY #6</u>
	PLEADINGS	_____	_____	_____	_____	_____	_____	_____
	DISCOVERY	_____	_____	_____	_____	_____	_____	_____
	PRETRIAL CONFERENCE(S)	_____	_____	_____	_____	_____	_____	_____
	ARBITRATION	_____	_____	_____	_____	_____	_____	_____
	TRIAL	_____	_____	_____	_____	_____	_____	_____
	TOTAL COSTS (fees and expenses)	_____	_____	_____	_____	_____	_____	_____
	ESTIMATED FINAL DISPOSITION DATE: _____							

\* Attach additional page(s) if more space is needed.

APPROVED BY: \_\_\_\_\_ DATE: \_\_\_\_\_  
(Firms Supervising Attorney)

COMMENTS: \_\_\_\_\_

\_\_\_\_\_

# AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT

**EXHIBIT 9**

Page 1 of 2

## CASE STATUS REPORT

(to be completed by firm's supervising attorney)

FIRM NAME:			
CASE FILE NAME: _____			COUNTY COUNSEL DOCKET #:
COURT #:			
INCIDENT DATE:	CLAIM DATE:	CLAIM DENIED DATE:	COMPLAINT FILED DATE:
COUNTY PRIORITY LEVEL DESIGNATION (circle if changed from previous report): <input type="checkbox"/> LEVEL I <input type="checkbox"/> LEVEL II <input type="checkbox"/> LEVEL III			
STATUS OF DISCOVERY (since last status report) List depositions taken: * _____ _____			
INTERROGATORIES SENT/RECEIVED: * _____			
REQUESTS FOR MEDICAL EXAMS: * _____ _____			
STATUS OF EXPERT WITNESS/CONSULTANT INVESTIGATIONS: * _____ _____			
RESULTS OF MOTIONS (describe all motions and indicate outcome): * _____			
SIGNIFICANT DEVELOPMENTS WHICH MAY INCREASE OR DECREASE COUNTY'S EXPOSURE/LIABILITY: * _____			

**AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND  
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RECOMMENDED CASE(s) STRATEGY (state clearly changes from previously agreed-to strategy): \*

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# AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT

## CASE STATUS REPORT

**EXHIBIT 9**

Page 2 of 2

## SIGNIFICANT EVENTS:

TRIAL SETTING CONFERENCE DATE:	ARBITRATION DATE:	VOLUNTARY SETTLEMENT CONFERENCE DATE:								
MANDATORY SETTLEMENT CONFERENCE DATE:	DEPARTMENT:	CHECK ONE: <input type="checkbox"/> JURY <input type="checkbox"/> NON-JURY								
<table><thead><tr><th><u>COSTS</u></th><th><u>TOTAL EXPENDED TO DATE</u></th></tr></thead><tbody><tr><td>ATTORNEY FEES</td><td>\$ _____</td></tr><tr><td>EXPENSES</td><td>\$ _____</td></tr><tr><td><b>TOTAL COSTS (<i>atty fees &amp; expenses</i>) EXPENDED TO DATE:</b></td><td>\$ _____</td></tr></tbody></table>		<u>COSTS</u>	<u>TOTAL EXPENDED TO DATE</u>	ATTORNEY FEES	\$ _____	EXPENSES	\$ _____	<b>TOTAL COSTS (<i>atty fees &amp; expenses</i>) EXPENDED TO DATE:</b>	\$ _____	TOTAL INITIAL COST ESTIMATE \$ _____  PERCENTAGE OF INITIAL COST ESTIMATE EXPENDED TO DATE _____ %
<u>COSTS</u>	<u>TOTAL EXPENDED TO DATE</u>									
ATTORNEY FEES	\$ _____									
EXPENSES	\$ _____									
<b>TOTAL COSTS (<i>atty fees &amp; expenses</i>) EXPENDED TO DATE:</b>	\$ _____									

APPROVED BY: \_\_\_\_\_  
(FIRM'S SUPERVISING ATTORNEY)

DATE: \_\_\_\_\_

RECEIVED/APPROVED BY: \_\_\_\_\_  
(COUNTY'S SUPERVISING ATTORNEY)

DATE: \_\_\_\_\_

COMMENTS: \_\_\_\_\_

LAST MEETING WITH FIRM: \_\_\_\_\_

NEXT MEETING WITH FIRM: \_\_\_\_\_

\* Attach additional page(s) if more space is needed.

**AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND  
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**EXHIBIT 9**

**CASE STATUS UPDATE REPORT**

<b>1</b>	FIRM NAME:	
	CASE FILE NAME: _____	COUNTY COUNSEL DOCKET #:
	COURT #:	
	COUNTY PRIORITY LEVEL DESIGNATION (circle if changed from previous report): <input type="checkbox"/> LEVEL I <input type="checkbox"/> LEVEL II <input type="checkbox"/> LEVEL III	
<b>2</b>	DATE OF LAST REPORT (Case Evaluation & Plan, or Case Status Report):	
	CASE STRATEGY RECOMMENDED IN THAT REPORT: * _____	
<b>3</b>	SIGNIFICANT DEVELOPMENT/EVENTS SINCE LAST REPORT, with dates as applicable: * _____	
<b>4</b>	IMPACT OF THESE SIGNIFICANT DEVELOPMENTS/EVENTS ON COUNTY'S EXPOSURE/LIABILITY: * _____	
<b>5</b>	REVISED CASE STRATEGY: * _____	
<b>6</b>	IMPACT OF REVISED CASE STRATEGY ON PROJECTED BUDGET: * _____	

APPROVED BY: \_\_\_\_\_  
(FIRM'S SUPERVISING ATTORNEY)

DATE: \_\_\_\_\_

RECEIVED/APPROVED BY: \_\_\_\_\_  
(COUNTY'S SUPERVISING ATTORNEY)

DATE: \_\_\_\_\_



**AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND  
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COMMENTS: \_\_\_\_\_

\_\_\_\_\_

\* Attach additional page(s) if more space is needed.

**AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND  
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**EXHIBIT 10**

**COUNTY'S PRIORITY RATING SYSTEM**

ASSIGNED LEVEL	CRITERIA FOR ASSIGNED LEVEL	REPORTING REQUIREMENTS
<b>I</b>	<p>Case File has a liability exposure exceeding \$1,000,000 (one-million dollars)</p> <p style="text-align: center;"><u>or</u></p> <p>Projected total defense costs exceeding over \$300,000 (three-hundred-thousand dollars)</p> <p style="text-align: center;"><u>or</u></p> <p>Is sensitive or precedent setting</p>	<p><b>Monthly</b></p> <p>Case Status Reports are due the first of each month after County approves the <u>Case Evaluation and Plan</u></p>
<b>II</b>	<p>Case File has liability exposure exceeding \$500,000 (five-hundred-thousand dollars) but less than 1 million dollars</p> <p style="text-align: center;"><u>or</u></p> <p>Projected total defense costs exceeding \$100,000 (one-hundred-thousand dollars), but less than \$300,000 (three-hundred-thousand dollars)</p> <p style="text-align: center;"><u>and</u></p> <p>Case File is neither sensitive or precedent-setting</p>	<p><b>Quarterly</b></p> <p>Case Status Reports are due every 90 calendar days after County approves the <u>Case Evaluation and Plan</u></p>
<b>III</b>	<p>Case File has a liability exposure under \$500,000 (five-hundred-thousand dollars)</p> <p style="text-align: center;"><u>and</u></p> <p>Projected total defense costs less than \$100,000 (one-hundred-thousand dollars)</p> <p style="text-align: center;"><u>and</u></p> <p>Case File is neither sensitive or precedent-setting</p>	<p><b>Semi-Annually</b></p> <p>Case Status Reports are due every 180 calendar days after County approves the <u>Case Evaluation and Plan</u></p>

**AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND  
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**EXHIBIT 11**

**RiskVisionNET™  
Risk Management Information System**

# AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT

EXHIBIT 12

## CONTRACTOR REPORTS

The following list are those reports that are expected to be “**generated manually**” by the new Contractor under this contract.

REPORT NAME	DESCRIPTION	TYPE	FREQUENCY
1. Trial Calendar/ Financial Status Report	List of arbitration, MSC, and trial dates with attached financial reports on cases over \$50,000.	Claims/Financial	Monthly
2. Location Code Change Report	List of cases where department location code changed during the month.	Claims/Financial	Monthly
3. Assignment of Cases Report	List of cases assigned to law firms during month and the firms assigned.	Claims/Financial	Monthly
4. Outstanding Claims/Reserves Report	Summary of total outstanding cases as of the end of each month by general and auto liability with the appropriate outstanding reserves for each. Summary total included.	Claims	Monthly
5. Closing/ Settlement Report	Notification of case closing and details of settlement.	Claims/Financial	Upon closure of file and as needed
6. Caseload Summary	List of all supervisors and adjusters and their current caseload by auto and general category.	Claims	Monthly
7. Major Case Report	List of all cases over \$100,000 broken down by funding source and case type along with financial projections for three fiscal years.	Claims/Financial	Monthly
8. Case Status Report	Periodic report on an open, active file outlining the current status of the cases.	Claims	Every 60/90 days on all open files and as needed
9. Financial Status Report	Report on current financial status of case along with case summary.	Financial	As required
10. Budget Status Report (Estimated Actual)	Status report on all cases over \$100,000 and those cases budged for the fiscal year.	Financial	Monthly

**AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND  
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REPORT NAME	DESCRIPTION	TYPE	FREQUENCY
11. Subrogation Summary Report	Summary of subrogation files and their status and funds collected.	Financial	Monthly
12. Report on Subrogation Case Assignments to Sheriff's Department	Report to Sheriff Department of possible subrogation cases.	Claims	Monthly
13. MSC, Arbitration, and Trial Report	Pre and post MSC, arbitration and trial reports.	Claims	As required
14. Authority Request	Request and report for settlement authority.	Claims	As required
15. Replenishment Request	Request for funding for indemnity and fees/costs.	Claims	As required

# **AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT**

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**EXHIBIT 13**

## **DEFINITIONS OF TERMS**

Ad Hoc Report: Those reports generated at the request of the County Contract Administrator, County Counsel, or Department Liaison on a one-time, informal and improvised basis. These reports generally arise in response to inquiries from the Board of Supervisors or events of such significance that information is needed on an expedited basis.

Allegation: An assertion, claim declaration or statement of a party to an incident(s) which merits investigation, administration, and/or management by the Contractor, as determined by the Contractor, or the County.

Allocated Expenses: All expenses including legal defense fees and excluding Contractor services fees incurred in connection with the investigation, adjustment, settlement negotiations or defense of claims or lawsuits. These include, but are not limited to, process service, expert/witness fees, surveillance, consultant fees, appraisal fees, forensic services, jury and court costs, record copying fees, court reporter fees, transcription costs and other costs necessary to effectively defend the County, and any other expenses specifically authorized by the County. "Allocated Expenses" are not included in the fee paid to the Contractor.

Analysis and Plan: Supports the contentions, legal analysis, conclusions, and reasons for the legal defense panel member's recommendations.

Bank Account: A checking account, established by the Contractor, at a bank of the County's choice, to exclusively pay for authorized indemnity, legal defense fees, and Allocated Expenses associated with cases assigned to the Contractor.

Case File: A document repository which may include but is not limited to incident reports, claims and lawsuits, established by the Contractor for investigation, administration, management, and audit of a case.

Case File Receipt Date: The date the Contractor receives a claim or lawsuit, or an incident report that indicates County liability, which merits opening an Case File.

Claim: A document submitted by a third-party in accordance with statutory requirements, and alleging personal injury, bodily injury, property damage, or other losses sustained due to the acts or omissions of the County, its employees, officers or agents.

Claims Specialist: An employee of the Contractor who manages Case Files arising from incidents, claims, and lawsuits and coordinates the legal defense of lawsuits. Claims Specialists attend settlement conferences and meetings and generally oversee the Case File.

## **AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT**

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Commercial Annuity: A contract purchased from an insurance company that provides deferred payments to a recipient.

Companion Case File(s): An Case File for a separate County Department/facility which arises from the same incident, series of incidents, claim, or lawsuit as another Case File.

Concurrence: An agreement to or union in an action or settlement.

Contract Start Date: The date that the Contractor begins work (the start of the basic terms of the contract).

Contract Year: The first contract year begins the date contract term begins and continues for the following twelve (12) months. Each succeeding contract year begins the day after the day the preceding contract year ends and continues for the next twelve (12) months.

Corrective Action Plan: The Corrective Action Plan is the County Department's response to an incident, claim, or lawsuit, which addresses the root-cause of the occurrence of the event, and implements solutions designed to prevent the reoccurrence of a same or similar incident.

County Contract Administrator: The County's Contract Administrator (CCA) is the Chief of Risk Management Operations in the Los Angeles County's Chief Administrative Office (CAO), or his duly authorized designee. The CCA is the designated agent of County for the purposes of administering the County's self-insured ***Automobile and General Liability Claims Administration and Legal Defense Management Services program***.

County Risk Manager: The Risk Manager for the County is the Assistant Administrative Officer over the County's CAO Risk Management Branch, or his duly authorized designee.

County Risk Management: The County's CAO Risk Management Branch.

County Fiscal Year: A twelve (12) month period beginning July 1, and ending the following June 30.

Damage(s): Claimed compensation or indemnity resulting from the loss of, detriment or injury to a person, property or rights.

Defense Counsel Evaluation: A case evaluation done by the assigned Legal Defense Panel Member, of the pleadings, discovery, reports, other documents.

Early Investigation: Contractor-initiated activity resulting from the decision to set up an Case File or the immediate recognition of extraordinary case circumstances. Such activities shall include,

## **AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT**

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but not be limited to, immediate contact with those employees, witnesses, and individuals having any involvement in, or knowledge about, an incident.

Factor of Settlement: The specific act or omission, breach of a duty of care, or statutory violation, committed by the County, its officers, employees, or agents within the course and scope of their employment, and which is alleged to be a cause of claimant's / plaintiff's injuries.

Hold Harmless Agreement: A contractual agreement between the County, and vendors, subcontractors, or other third parties, which specifically addresses responsibility for and allocation of responsibility, including, but not limited to, defense and indemnification.

Incident: An occurrence in which a third-party(ies) alleges to, or may have sustained personal injury, bodily injury, property damage or other losses arising from or connected with acts or omissions of the County, its employees, officers or agents, or any dangerous condition of County property as defined in Government Code Section 830, et seq.

Incident Report/ Event Notification: A written or telephonic report from the County to the Contractor regarding an incident.

Investigation: The process of determining the facts, determining liability, and obtaining and preserving evidence.

Lawsuit: A legal action filed with a civil court by a third-party(ies) in accordance with statutory requirements, and alleging personal injury, bodily injury, property damage, or other losses sustained due to the acts or omissions of the County, its employees, officers or agents.

Legal Defense Fees: Fees charged by legal defense firms for legal services provided on County assigned claims and lawsuits.

Legal Defense Panel: A panel of legal defense firms that have contracted with the County to provide legal representation services.

Litigation Management: Litigation management by a third party administrator is the process of investigating, managing, monitoring, resolving, and reporting on all litigated Case Files, which includes the supervision of County's Legal Defense Panel Members with attention to the reduction of litigation costs (See Part B, Section 6, "Litigation Management").



## **AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT**

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Quality Assurance Evaluator (QAE): The Quality Assurance Evaluator is a County employee designated as an agent for the County responsible for monitoring the Contractor's performance, approving payments, advising and training third party administrator staff in County systems and other County procedures.

Quality Assurance Monitoring Plan (QAMP) The County may use a variety of methods to evaluate Contractor's performance. The methods that may be used are identified, but are not limited to those included in Exhibit 6. Also see Exhibit 5, ***Current Audit Form for Evaluating Selected Claim Files***.

Quality Control Plan: All measures taken by the Contractor to assure that the quality of an end product or service will meet the contract requirements regarding timeliness, accuracy, completeness, consistency, and conformity.

Random Sample: A sampling method where each service output has an equal chance of being selected.

Reserve: Realistic estimate of the final amount that will be paid on an Case File, excluding contractor fees. The County's practice is to encumber funds on an annual basis for losses expected to be paid during the fiscal year. The final amount represents the most accurate professional assessment of a case outcome given current knowledge of the facts of the allegation and of applicable law. There are two types of reserve estimates set on every Case File, Indemnity and Expense. (See Statement of Work, Section 3.4)

- Indemnity Reserve: The best estimate of the amount that finally will be paid by the County to compensate claimants and/or plaintiffs for damages, including their attorney's fees and costs.
- Expense Reserve: The best estimate of Allocated Expenses, including fees and other costs that will be paid by the County to defense attorneys and other parties to defend Case Files

Risk Management Information System (RMIS): The County's risk management and claims administration information management system with ad hoc reporting capabilities, which supports Contractor and County claims administration, financial, statistical and loss prevention functions.

Round Table Meetings: Meetings chaired by County Counsel, to discuss issues related to specific Case Files, to reach consensus on the litigation strategy, and which includes participation by the Contractor, Legal Defense Panel members, County Department representatives, and facility personnel.

## **AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT**

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Severe Injury: Injury sustained by a third-party(s) that could result in significant indemnity and legal costs to the County. Such injury includes but is not limited to brain damage, spinal cord injury, total or partial loss of a limb, loss or impairment of sensory or reproduction organs, burns, substantial disfigurement and death.

Structured Settlement: Any settlement in which a portion of the payment or payments to the plaintiff is deferred to the future.

Tail Claim: An open claim or a legitimately and properly closed claim which subsequently must be re-opened for a period of some time for adjusting services. Costs of assuming tail claims are included in Fixed Rate.

Timeline: A comprehensive, succinct, written chronology which sets forth the facts of the case as they occur. Timelines are initiated by the Contractor using **CaseMap**, or other technologically comparable software approved by County Counsel, and are updated by Legal Defense Panel member(s).

User Complaint Report: The report submitted by an individual or group of individuals to record discrepancies or problems with the Contractor's performance. The Contractor may be required to respond to a User Complaint Report and may be part of a Contract Discrepancy Report.

**AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND  
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**EXHIBIT 14**

**COUNTY'S PROFESSIONAL LEGAL SERVICES AGREEMENT**

(Incorporated by this Reference)

**AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND  
LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT**

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**ATTACHMENT B**

**CONTRACTOR'S FEES AND EMPLOYEE BENEFITS**

	First Contract Year Maximum Amount	Succeeding Contract Years
<b><i>Annual Fixed Fee</i></b>	\$1,700,000	Previous contract year's fee plus a % increase based on the previous year's CPI, as allowed by paragraph 20.2 of Section 20, <b><i>Contractor Compensation</i></b> , and Section 21, <b><i>Cost Of Living Adjustments (COLAs)</i></b> . To be applied at the beginning of each contract year.
<b><i>Fixed Case Fee</i></b>	\$809	Previous contract year's fee plus a % increase based on the previous year's CPI, as allowed by paragraph 20.2 of Section 20, <b><i>Contractor Compensation</i></b> , and Section 21, <b><i>Cost Of Living Adjustments (COLAs)</i></b> . To be applied at the beginning of each contract year.

# AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT

## EMPLOYEE BENEFITS Medical Insurance/Health Plan

Employer Pays \$ 50% Employee Pays \$ 50% Total Premium \$ (See the following)

	1-party	2-party	Family
HMO (CA)	\$214.44	\$455.44	\$649.57
PPO (CA)	\$540.01	\$1,150.82	\$1,619.49

Annual Deductible (PPO only):

Employee \$ 250

Family \$ 750 maximum

Coverage (✓):

X Hospital Care (Inpatient \_\_\_\_\_ Out Patient \_\_\_\_\_)

X X-Ray & Laboratory

X Surgery

X Office Visits

X Pharmacy

X Maternity

X Mental Health/Chemical Dependency, Inpatient

X Mental Health/Chemical Dependency, Outpatient

### Dental Insurance

Employer Pays \$ 32.42 Employee Pays \$ 78.99 Total Premium \$ 111.41 (Family), \$64.07 (2 Party)

### Life Insurance

Employer Pays \$ 0.29 per \$1,000 Coverage Employee Pays \$ 0 Total Premium \$ Varies from \$7.25 to \$58

### Vacation

Service Length	to 5 years	5 to 14 years	15-25 years	25+ years
Annual # of Days	10	15	20	25

### Sick leave

Number of Days 6 Per Year, And

Any Increase or Accumulation, Number of Days or Hours N/A

### Holidays

Number of Days 10 Per Year

### Retirement

**AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND  
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Employer Pays 100% Employee Pays \$ 0 Total \$ (Varies based on Company profitability)

**AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND  
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**ATTACHMENT C**

**ATTESTATION OF WILLINGNESS TO RECONSIDER GAIN/GROW PARTICIPANTS**

**AUTO AND GENERAL LIABILITY CLAIMS ADMINISTRATION, AND  
LEGAL DEFENSE MANAGEMENT SERVICES CONTRACT**

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**ATTACHMENT D**

**JURY SERVICE PROGRAM CERTIFICATION**